AllianceData.

2017 Corporate Responsibility Report

A data company making the world better

The world is changing by the minute, with disruptive technologies reshaping the business and social landscape, and creating unparalleled opportunities for companies like ours.

Alliance Data is thriving in this age of disruption, largely because we stay focused on the right priorities: driving long-term success and growth through integrity and ethical decision-making; leading in data-driven marketing and loyalty programs while always serving clients and consumers responsibly; valuing our associates; investing in the long-term vitality of our communities; and respecting our environment.

Our commitments enable us to operate as a responsible company with purpose. They also directly contribute to our financial success and to the collective well-being of our many stakeholders.

We are pleased to present Alliance Data's fifth annual Corporate Responsibility (CR) Report, which has been prepared in accordance with the Core Option of the GRI Standards. The scope of this report reflects the entire enterprise for the year 2017, including Alliance Data's corporate headquarters, Epsilon®, LoyaltyOne® and Alliance Data's card services business. All financial information is presented in U.S. dollars except where otherwise noted.

If you have any feedback on this report or our corporate responsibility strategy, we'd love to hear it. Contact Dana Beckman, Director of Corporate Affairs, at **allforgood@alliancedata.com**.

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About Alliance Data

Alliance Data® (NYSE: ADS) is a leading global provider of data-driven marketing and loyalty solutions serving large, consumer-based industries. An S&P 500, FORTUNE 500 and FORTUNE 100 Best Companies to Work For company headquartered in Plano, Texas, Alliance Data consists of three businesses that together employ approximately 20,000 associates at more than 100 locations worldwide.

Alliance Data's card services business is a leading provider of marketing-driven branded credit card programs. Epsilon® is a leading provider of multichannel, data-driven technologies and marketing services, and also includes Conversant®, a leader in personalized digital marketing. LoyaltyOne® owns and operates the AIR MILES® Reward Program, Canada's premier coalition loyalty program, as well as Netherlands-based BrandLoyalty, a global provider of tailor-made loyalty programs for grocers.

How do we make the world better?

We listen.

Listening closely to our clients. Digging deeper to understand their goals and challenges. Collaborating with them on innovative solutions. These are critical to our business success – and guide our approach to community relationships.

As part of our partnership with Texas Trees Foundation, 45 associates planted 25 trees in Plano, Texas.

WE LISTEN.

When our partners at Texas Trees Foundation told us about rising temperatures in Dallas – and the associated effects on public health, infrastructure and the local economy – we listened carefully. Then we funded one of the most comprehensive urban heat island studies in the United States.

The findings: Dallas is the second-fastest warming city in the U.S., behind Phoenix – largely because more than one-third of the city is covered in pavement and buildings. Impervious surfaces like these contribute significantly to the urban heat island effect and are up to 15°F warmer than rural areas. The data also supported evidence that trees help mitigate rising temperatures, improve community health and offset carbon emissions.

These are compelling reasons on their own to ensure a better balance between the gray and the green in the city, but there's more: with extreme heat comes economic disruption. As we saw in summer 2017, high temperatures can force airlines to cancel flights and cause rolling blackouts. The effects are not limited to businesses. Disruption can also take a heavy toll on health, especially when asthma cases spike and children end up in hospital emergency rooms.

Our response: Help Texas Trees Foundation get the message out to municipalities, urban developers, corporations and the general public – through video, television and radio interviews, newspaper articles, blogs and social media.

We also joined the Foundation in planting trees. Forty associates each planted a mature tree in the Dallas Farmers Market, right in the heart of the city's heat island. Another group helped transform a park and walking path, planting trees that will eventually provide much-needed shade for park goers. Plans are underway for more plantings throughout Dallas and expansion of the program across North Texas.

What started as a conversation has blossomed into a movement aimed at making our urban spaces cooler, greener and cleaner – for healthier, more attractive places to live and work.

See our video: How Texas Trees Foundation and Alliance Data are working to reverse rising temperatures in Dallas

What started as a conversation has blossomed into a movement.

We share.

Sharing our time, talent and financial resources with our neighbors is one of our greatest responsibilities as a profitable company – and we've seen how our contributions can improve lives and strengthen communities.

Megan Hill, who manages talent effectiveness and change management for Alliance Data's card services business, with her son, Charlie, a Nationwide Children's Hospital patient.

WE SHARE.

Our card services business has proudly supported Nationwide Children's Hospital in Columbus, Ohio, for nearly two decades. Our 2015 donation of $400,000 helped the hospital build, and make accessible, the first big data cluster for a pediatric system in Ohio linking pediatric and research data sources. The ability to integrate data in this way bolsters the hospital's ability to deliver more effective patient care, improve research outcomes and create data-sharing collaboration with other programs and community partners.

In 2017, we announced a second donation of $1 million. This gift will support Nationwide Children's transformational approach to treating behavioral health conditions, focusing on early interventions, crisis management and community collaboration to treat and prevent behavioral issues before they result in unnecessary tragedy.

Nationwide Children's Hospital is revolutionizing children's healthcare through its data-driven research and pediatric expertise – delivering care for more than one million patient visits each year, including those of our associates and their families. What's more, it's squarely at the heart of what's important to our people, as parents and neighbors. That's why many of them volunteer at the hospital – helping assemble family "care kits," for example. Associates also volunteer for the Nationwide Children's Hospital Columbus Marathon each year.

Associates from our card services marketing analytics group also use data for good to assist Nationwide Children's Hospital Foundation in better segmenting and communicating with donors. Leveraging our expertise to analyze data and provide deeper insights into donors, we can help the foundation build stronger relationships with its generous funders and ensure a sustainable pipeline of giving.

Investments like these in our local children's hospitals have led to additional funding, helped create life-saving technologies, and helped develop programs that touch the lives of millions of people.

See our video: **How Alliance Data's $1 million gift to Nationwide Children's Hospital impacts our associates**

We use data
for good.

We've made our name, and built our businesses, on how we use data. We know the power of our technologies and data analytics capabilities, and we believe there's huge potential to leverage them for social good – in some cases literally saving lives.

We help power the alerts that keep countless Americans safe.

WE USE DATA FOR GOOD.

For several years now, the Federation for Internet Alerts (FIA) has relied on our technology to issue AMBER Alert messages and tornado warnings across the U.S., helping recover missing children and notifying thousands of individuals of impending weather emergencies. In 2017, FIA made **1 billion** impressions; it also launched weather warnings in Canada, worked with New York's municipal transit authority to integrate alerts across all NYC public transportation, and delivered more than **12 million** alerts during hurricanes Harvey and Irma. The more alerts, the more likely we are to keep people safe.

Separately, our Epsilon business invested in a client data-tracking tool for the San Francisco–Marin Food Bank. In much the same way we leverage data to help give our clients deeper insights into their customers, the tool helps the food bank better understand its clients, while managing and distributing resources more efficiently. In 2016, we made a similar investment in the Northern Illinois Food Bank. In both cases, our associates amplified company contributions by helping sort and pack food in food bank warehouses.

In 2017, we set a goal to invest $20 million by the year 2020 in data for good initiatives that help nonprofits like FIA and food banks. With each grant, we evaluate how the use of data and technology can advance a nonprofit's ability to deliver social impact. We also give our associates opportunities to hone their skills and pursue their passion for solving pressing societal issues.

Technology will continue to change the world as we know it. We aim to make it a change for the better.

See our video: **How better data is tackling hunger, one byte at a time**

"Disruptive technologies aren't just reshaping the business landscape, they're also redefining how nonprofits operate. This is why Alliance Data and our businesses are committed to investing in data analytics and technology resources that help solve pressing social issues."

**BRYAN KENNEDY,
EXECUTIVE VICE PRESIDENT,
PRESIDENT AND CHIEF EXECUTIVE OFFICER,
EPSILON/CONVERSANT**

We empower.

We're intentionally nurturing a culture that brings out the best in our associates and empowers them to contribute to the company's continued success. We want to ensure that every voice and every individual contribution is woven into the Alliance Data fabric.

We consciously weave our commitment to gender equality and empowerment into all we do.

WE EMPOWER.

We seek to ensure balance and eliminate barriers to career advancement for women. We actively cultivate and encourage female leadership development through mentorship and coaching programs, associate resource groups and collaboration with local nonprofits.

In parts of our business, there's a need to inspire and recruit more women. That's why we implemented a 50|50 initiative at Epsilon Bangalore, in India, aimed at achieving equal representation of men and women by 2020. As part of this initiative, we developed a distinct referral program in partnership with Smile Foundation, committing to sponsor a young girl's education for five years for every successful female candidate referred to Epsilon by one of our associates. In other words, for each female hire added to our floor, we helped put a child on her feet. We currently support 71 primary school girls through this initiative.

Across the company, and all the way to the boardroom, we're looking to consciously weave our commitment to gender equality and empowerment into all we do. We know it's good for our business, and good for society.

We actively cultivate and encourage female leadership development across the company.

We take the long view.

Message from our CEO

We live in an age of disruption, with technological, societal and environmental changes impacting the global marketplace at an unprecedented pace. As a data company, we have unique insight into these changes, along with the challenges and opportunities they present for business and society alike. At the same time, stakeholders have increasing expectations for how companies operate. At Alliance Data, we're performing well in this disruptive environment, delivering on financial performance and acting responsibly. And we are committed to taking the long view – by growing our business sustainably while making the world better through the fair and innovative use of data.

In 2017, we evolved our corporate responsibility strategy to better reflect our company today, as well as the feedback we've received from our stakeholders. We articulated our approach to fair and responsible banking; ramped up efforts to promote an inclusive and diverse workforce, supplier base and Board of Directors; and put more emphasis than ever on using our technology and data analytics capabilities for social good.

As a company, we are driven by doing what's right when it comes to ethics, excellence, associates, communities and the environment. We pursue long-term growth through ethical decision-making and transparency, and this year we once again delivered value for our stockholders. We seek to lead our industry in data-driven marketing and loyalty programs while ensuring the secure and responsible use of data. We also have an unwavering commitment to service, with over 100 million consumer relationships and Care Centers ranked in the top 5% nationally.

None of our work is possible without an inclusive, healthy workplace, where we can develop and grow our 20,000 associates. We are proud to be recognized as part of the FORTUNE 100 Best Companies to Work For, and we are proud that 85% of our associates believe we act as a socially responsible company. Because the strength of our communities directly empowers our customers and associates, we invest in those places where we live and work – giving back more than $14 million globally in 2017. And we respect our environment through sustainable operations and investments in global conservation efforts. As this report shows, we know firsthand how disruptive weather events can upend the lives of our customers and consumers, as well as our ability to do business. Data can help us – and society – adapt.

As a growth company, we are committed to the long-term vitality of our business, our people and our world. Please enjoy our 2017 Corporate Responsibility Report. You'll see that for us, it's about more than data – it's about the positive things we do with it.

Ed Heffernan
President and CEO

We deliver.

Balanced scorecard

	2015	2016	2017
FINANCIAL PERFORMANCE			
Core earnings per share (EPS)	15.05	16.92	**19.35**
Total revenues (US$ millions)	6,440	7,138	**7,719**
Adjusted EBITDA (US$ millions)	1,909	2,095	**2,218**
Income taxes paid (US$ millions)	326.2	319.4	**292.4**
Net income (US$ millions)	597	516	**789**
Receivables outstanding (US$ billions)	13.2	15.8	**17.7**
Stock price (US$)	290.3	229.25	**253.48**
GOVERNANCE AND ETHICS			
Say on Pay (executive compensation score)	98	98.8	**98.4**
Total PAC disbursements (US$)	$62,500	$117,700	**$39,500**
Number of disbursements to candidate committees	26	43	**16**
Lobbying contacts	n/a	71	**52**
Senior leadership/management's actions and behaviors are consistent with the company's values (associate survey metric)	77%	74%	**74%**
Associates completing annual, mandatory ethics training (%)	99%	99%	**98%**
I can report unethical behavior or practices without fear of retaliation (%) (associate survey metric)	85%	85%	**81%**

WE DELIVER.

	2015	2016	2017
CLIENTS/CONSUMERS			
Client base	1,500	1,800	**2,000**
Active accounts (card services) (millions)	37.8	42.5	**43.4**
AIR MILES® issued	5,743.10	5,772.30	**5,524.20**
AIR MILES® redeemed	4,406.30	7,071.60	**4,552.10**
Security and Privacy			
Data breaches	0	0	**0**
PEOPLE			
Total headcount	16,000	17,000	**20,000**
Voluntary turnover – average	16.3%	15.8%	**16.1%**
Turnover – non-exempt (hourly)	20.8%	21.2%	**23.7%**
Turnover – exempt (salary)	13.4%	12.5%	**11.2%**
Turnover – by gender (men % | women %)	not reported	not reported	**14.5%	17.8%**
Given your choice, how much longer are you likely to work for the company? (associate survey metric)	52%	53%	**48%**
I would recommend Alliance Data as one of the best places to work (associate survey metric)	58%	75%	**75%**
Diversity and Inclusion			
Total workforce by gender (women %)	55.4%	54.9%	**55%**
Senior leadership by gender (women %)	34.2%	34.5%	**34.1%**

WE DELIVER.

	2015	2016	2017
Total workforce by ethnicity* (non-white %)	34.4%	34.6%	**38.1%**
Senior leadership by ethnicity* (non-white %)	9.0%	11.4%	**11.1%**
Pay parity – weighted by job level	6.7%	3.8%	**2.7%**
Pay parity – weighted by ethnicity	-1.8%	-1.2%	**-0.1%**
Human Rights Campaign: Corporate Equality Index (%)	n/a	80%	**100.0%**
Associate rating of our fair and unbiased treatment of employees (associate survey metric)	n/a	78%	**77%**
Diverse Supplier Spend (% of total)			
Total diverse spend	n/a	6.6	**8.2**
Minority owned	n/a	0.9	**2.2**
Women owned	n/a	2.2	**1.8**
Veteran owned	n/a	0.3	**0.1**
Associate Training and Engagement			
Training and development (US$ millions | per associate)	$14.3 | $925	$18.3 | $1,084	**$17.5 | $933**
My company provides development opportunities (associate survey metric)	77%	77%	**77%**
Associate engagement score	79%	78%	**78%**
Associate enablement score	72%	73%	**75%**

* Ethnicity data for U.S. only.

WE DELIVER.

	2015	2016	2017
COMMUNITY INVESTMENT			
Community investment (US$ millions)	$9.4	$11.5	**$14.4**
Community investment as a percent of EBITDA, net	0.50	0.55	**0.63**
Data for good investment (US$ millions)	n/a	n/a	**1.2**
Matching gifts (dollars)	$938,000	$1,094,140	**$1,015,400**
Total associate volunteer hours	25,000	27,000	**38,000**
My company actively helps to make communities in which it operates better places to live and work (associate survey metric)	83%	85%	**85%**
ENVIRONMENT			
GHG emissions (Mt CO_2e)	176,625	146,206	**138,740**
EXTERNAL RATINGS			
ISS Governance Quality score (overall)	5	1	**3**
Bloomberg ESG rating	37.2	37.2	**TBD**
FTSE Russell ESG rating absolute score (highest – 5)	n/a	3.4	**4**
FTSE Russell ESG ICB Supersector relative percentile score (highest – 100)	n/a	82	**92**
MSCI ESG rating	BB	BB	**BB**
CDP climate change score	Not scored	D	**C**

WE DELIVER.

Select awards and recognition

Alliance Data was honored to receive a number of awards and distinctions in 2017.

ALLIANCE DATA

- America's Best Employers, Forbes
- 50 Most Engaged Workplaces, Achievers
- Fast Tech 25, Forbes
- FORTUNE 100 Best Workplaces for Diversity
- Best Places to Work, Corporate Equality Index, Human Rights Campaign
- Management Top 250, Most Effectively Managed U.S. Companies, Drucker Institute
- FORTUNE Best Workplaces in Texas

ALLIANCE DATA CARD SERVICES

- CIO 100 Award for Frictionless Mobile Credit Capability
- Best Places to Work, Extra Large Category (Central Ohio), Columbus Business First
- Customer Care Centers, Benchmark Portal Certified Center of Excellence (12th year)
- Smarties Silver Award, Mobile Marketing Association

EPSILON

- Best in Class, Interactive Media Awards
- Best Industry Innovation, Conversant One-to-One Relationship Engine, ASPY Awards
- Online Trust Audit & Honor Roll, Online Trust Alliance
- Top 100 Tech Companies, Built in Chicago
- Partner of the Year, Citi
- Social Good Award, Shorty Awards

LOYALTYONE

- Best Employers in Canada, Gold Level, Aon Hewitt
- Canada's Top Employers for Young People (6th year)
- Best Workplaces for Women in Canada, Great Places to Work Institute
- Canada's Greenest Employers
- AIR MILES® Most Trusted Services Brand in Canada, BrandSpark International, Loyalty Program Category

FOR THE SIXTH CONSECUTIVE YEAR, Epsilon was recognized by the Online Trust Alliance's Online Trust Audit & Honor Roll, the de facto standard for recognizing excellence in consumer protection, data security and responsible privacy practices for the world's top companies.

BENCHMARK PORTAL recognizes the top 10% of all customer care centers – a designation Alliance Data has received an industry-leading 12 times.

Our Approach

Our approach to corporate responsibility is rooted in an understanding that to grow our business and prosper over time, we must meet the needs and evolving expectations of a broad range of stakeholders. We answer to our stockholders and investors; clients and their customers; and our associates, communities and neighbors around the globe. We proudly demonstrate to all of them that we operate ethically and responsibly.

Our corporate responsibility strategy

In 2017, we updated our CR strategy to provide a blueprint for our activities over the next three years. Our strategy is aimed at helping us achieve results and strengthen the business, while increasing our positive social impact and reducing our environmental footprint.

Our strategy has five focus areas, which were developed through extensive stakeholder engagement and industry research conducted in 2016 and 2017 as part of a formal materiality assessment. For each focus area, there's an overall commitment and three-year goals that are linked to business priorities and plans. As a means of demonstrating transparency, accountability and progress, we report performance against goals in our annual CR Report.

We also commit to continuously improve our CR practices, recognizing that stakeholders are looking for answers to questions they deem material to our business. Increasingly, the investor community is using CR performance as a proxy for good management. Our current priorities are to track emerging issues and their potential impact on our business; improve overall data collection and accuracy in pursuit of third-party assurance; and link our enterprise risk management and materiality risk assessment processes. We're also taking steps to further integrate our CR and financial reporting in a way that provides a more complete and transparent view of the company.

Increasingly, the investor community is using CR performance as a proxy for good management.

OUR CORPORATE RESPONSIBILITY STRATEGY

Critical to our success

Ethics

Drive global growth and long-term success through integrity, ethical decision-making and transparency.

Excellence

Lead in data-driven marketing and loyalty programs, ensure the secure and responsible use of data, adhere to responsible lending practices and display an unwavering commitment to service.

Associates

Cultivate an inclusive, healthy workplace where we develop and reward associates – and empower them to contribute to our continued success.

Communities

Invest in the long-term vitality of our communities through programs and initiatives that make a measurable impact.

Environment

Respect our environment through sustainable operations and investments in global conservation efforts.

Managing corporate responsibility

At the highest level, Alliance Data's CEO and executive leadership are responsible for the day-to-day conduct of the company's business, including economic and environmental, social and governance (ESG) aspects. The Board of Directors provides active oversight and receives frequent updates on ESG topics.

Public Affairs guides the enterprise CR strategy and measures performance, working with the lines of business to implement specific programs and initiatives.

The executive team provides guidance, oversight and accountability for the strategy and performance outcomes. A sub-committee of senior executives from each business helped shape our 2017–20 goals.

Board of Directors and Executive Leadership

Public Affairs

LoyaltyOne   EPSILON   AllianceData CARD SERVICES

Enterprise Committees

Ethics   Excellence   Associates   Communities   Environment

Managing our risks

Within our overall Enterprise Risk Management framework, each business segment has its own framework for identifying and managing risks related to the achievement of strategic, financial, compliance and operational objectives.

Risks are documented and monitored within business segment risk registers, which are reviewed quarterly by the Enterprise Risk team. All key risks to the company are included within an enterprise risk register, which is reviewed biannually by our Board of Directors. These risks are also reviewed against our CR strategy and priorities to ensure alignment on key issues across functions and across the company.

Please see our **2017 Annual Report** for additional information on key risks and associated factors.

"The tone at the top of our company is clear – we want to be profitable, but we have to do it the right way."

**JOSEPH MOTES,
SENIOR VICE PRESIDENT,
GENERAL COUNSEL AND SECRETARY**

WE AIM FOR CLARITY.

As we have grown, internal policies have proliferated. With so many standards, associates may not know where to look or where to find updates. To remedy the situation, we reconstituted the Enterprise Compliance Council (ECC), a company-wide forum with representation from each business. In 2017, the ECC set out to streamline our enterprise-wide policies; make them more relevant, consistent and easier to understand; and select an automated policy implementation system. "The goal is for all associates to know exactly what to do in key situations or know where to look if they don't," explains Vice President and Assistant General Council Tracy Crum. "Much like they would for a fire drill."
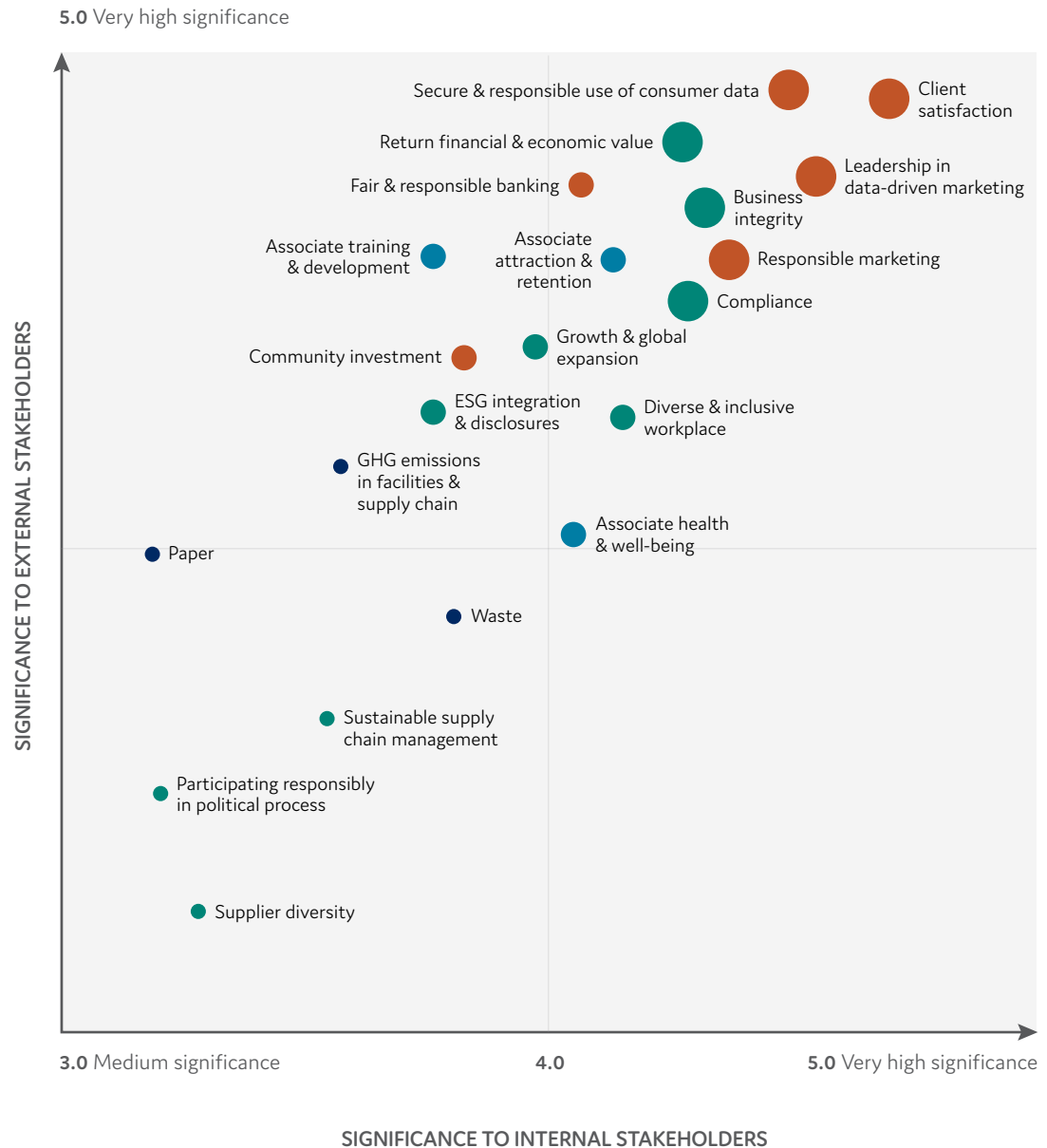
Materiality

In 2016 and 2017, we conducted a formal materiality assessment to identify and evaluate CR topics that are most critical to our business and our stakeholders. This exercise followed the principles and recommended process outlined in the Global Reporting Initiative (GRI) Standards. For details, please see our **2017 Materiality Assessment Overview** posted on our website.

Our materiality matrix presents priority topics plotted according to their significance to Alliance Data and its stakeholders.

Ethics
Excellence
Associates
Communities
Environment

5.0 Very high significance

Secure & responsible use of consumer data

Client satisfaction

Return financial & economic value

Leadership in data-driven marketing

Fair & responsible banking

Business integrity

Associate training & development

Associate attraction & retention

Responsible marketing

Compliance

Community investment

Growth & global expansion

ESG integration & disclosures

Diverse & inclusive workplace

GHG emissions in facilities & supply chain

Associate health & well-being

Paper

Waste

Sustainable supply chain management

Participating responsibly in political process

Supplier diversity

SIGNIFICANCE TO EXTERNAL STAKEHOLDERS

3.0 Medium significance   **4.0**   **5.0** Very high significance

SIGNIFICANCE TO INTERNAL STAKEHOLDERS

MATERIALITY

While all of these topics are important for Alliance Data to manage and monitor, some have a more significant impact on our business or society and thus merit more attention. During our materiality validation exercise, we prioritized 12 topics with particular relevance to the business:

- Client satisfaction
- Leadership in data-driven marketing
- Secure and responsible use of consumer data
- Business integrity
- Responsible marketing
- Long-term financial and economic value to key stakeholders
- Fair and responsible banking
- Associate attraction and retention/associate training and development
- Compliance
- Global business expansion and growth
- Community investment
- Diversity and inclusion

All priority topics are discussed to varying degrees in this report or our 2017 Annual Report. The GRI Content Index on page 65 provides direction on where to find most information while our annual report includes key economic topics including:

- Financial return and economic value;
- Leadership in data-driven marketing; and
- Growth and global expansion.

FAIR AND RESPONSIBLE BANKING

One of the topics raised in our materiality assessment and reflected in our updated CR strategy is the addition of fair and responsible banking. This responsibility resides within our card services business and its two banking entities, Comenity Bank and Comenity Capital Bank. These areas of our business have obligations related to issuing credit, collecting payments and overall cardholder care. To learn more about our responsibilities and approach, see Fair and Responsible Banking on page 38, and Community Reinvestment on page 56.

We rigorously monitor, assess and manage topics that have significant impact on our business – especially the secure and responsible use of data, associate attraction and retention, and regulatory compliance.

Our stakeholders

Protecting our business interests and reputation – and making the world better – takes trust, understanding and mutual respect for our many stakeholders. We reach out to those stakeholders in a number of ways to better understand their expectations and needs.

Whether it's through meetings, surveys, industry presentations and committees, social media or other initiatives, we actively gather feedback and collaborate with internal and external stakeholders who can help us create shared value.

We always work to deliver on our promises, especially for our clients. By listening to all of our stakeholders, we are better equipped to meet or exceed client expectations, which fuels our growth.

Associates

Investors

Suppliers

Local Communities

Competitors

Protecting Our Business Interests and Reputation

Clients

Government/ Regulators

Civil Society/ NGOs/Social

News Media

Trade Associations

Stakeholder engagement

Because our impact extends beyond our clients, we work to foster internal and external trust, especially with our core stakeholder groups.

Associates

Our associates bring the perspective and first-hand knowledge necessary to best serve our larger stakeholder community. They know we value their input into how we run the business and that we take their feedback seriously: their participation in our annual Associate Satisfaction (ASAT) survey is well above industry benchmarks as a result.

We engage our associates in various ways across the enterprise. At LoyaltyOne, for example, an associate-driven Donations Committee directs community investment efforts. Epsilon has initiated quarterly surveys of new associates and hiring managers to gather timely feedback on hiring and onboarding. That's in addition to 30-day breakfasts with new hires to hear how they're settling in.

Industry

To inform its diversity and inclusion (D&I) strategy, our Card Services D&I Committee reached out to D&I committee members at other FORTUNE 500 organizations. This is one way we engage with peers to understand best practice and inform our approach.

We also belong to many industry associations as a way to stay on top of emerging developments, collaborate on issues of common concern and validate the strength of our own practices and protocols. Our memberships include the following:

- Alliance of National Advertisers (ANA)
- Association of Credit and Collection Professionals (ACA)
- Card Coalition
- Data & Marketing Association (DMA)
- Data Protection Network (DPN)

- Delaware Bankers Association (DBA)
- Digital Advertising Alliance (DAA)
- Direct Marketing Association UK (DMA UK)
- Email Experience Council (a council of the DMA)
- Future of Privacy Forum (FPF)
- Information Systems Security Association (ISSA)
- Interactive Advertising Bureau Europe (IAB)
- Interactive Advertising Bureau US (IAB)
- International Association of Privacy Professionals (IAPP)
- Midsize Bank Coalition of America (MBCA)
- Mobile Marketing Association (MMA)
- National Association of Industrial Banks (NAIB)
- Network Advertising Initiative (NAI)
- Utah Bankers Association

STAKEHOLDER ENGAGEMENT

Cybersecurity affiliations include the following:

- CEB Information Risk Leadership Council
- **Cloud Security Alliance**
- **Domestic Security Alliance Council**
- FAIR Institute Charter Member
- **Financial Services Information Sharing and Analysis Center** (FS-ISAC)
- Knowledge Connect Information Security Forum (peer group of CISOs)
- **Online Trust Alliance**
- PCI Security Standards Council (voting member)

Investors

We continue to deepen our engagement with institutional investors and analysts, who are increasingly interested in our ESG performance as well as financial results. In response, we are now providing increased disclosure and transparency through our annual proxy statement. We've also developed a concrete plan for continual Board refreshment, which incorporates a skills matrix to ensure the best mix of skills, experience, knowledge and independence, and seeks to enhance gender and ethnic diversity.

SHARING OUR EXPERIENCE

We were invited to speak about our CR practices in 2017, at events such as:

- COMMIT!Forum – Engaging Stakeholders Panel
- Boston College Center for Corporate Citizenship – The Evolving Reporting Landscape: Using the Data You Disclose
- Texas Diversity Council

STAKEHOLDER ENGAGEMENT

Suppliers

By purchasing from minority-owned, women-owned and veteran-owned companies, we aim to support these businesses and contribute to the economic well-being of communities.

We established a Supplier Diversity Program for our U.S. operations in 2016, and results were already visible in 2017, with a $24 million increase in diversity spending for the year. Spending on minority businesses alone accounted for $19 million of the increase.

During the year, we responded to more client inquiries for diversity spending, providing improved spend analytics by diverse classification and support language for Requests for Proposals. We continued to verify our certified diverse suppliers through a qualified research agency (CVM).

The Supplier Diversity Program is evolving toward a comprehensive, enterprise-wide effort to enhance our supplier base to help address current and future customer and workforce dynamics.

PERCENTAGE OF DIVERSE SUPPLIER SPEND*

	2017 % OF TOTAL	2016 % OF TOTAL	2015 % OF TOTAL
Total diverse spend	8.2%	6.6%	6.3%

PERCENTAGE OF DIVERSE SUPPLIER SPEND BY TYPE*

	2017 % OF TOTAL	2016 % OF TOTAL	2015 % OF TOTAL
Minority owned	2.2%	0.9%	0.9%
Women owned	1.8%	2.2%	1.8%
Veteran owned	0.1%	0.3%	0.3%

"There is strength in diversity. Within our associate and supplier base, it's a competitive advantage and creates a more vital business. We also know that mutually beneficial relationships with diversity suppliers contribute to the communities where we operate."

**KEVIN HUCK,
MANAGING DIRECTOR, CLIENT SERVICES, EPSILON**

* The above tables represent diverse spend as a percentage of total U.S. procurable company spend. This excludes non-procurable items such as taxes and payroll.

Three-year goals (2020)

	GOAL	PROGRESS
CR Governance	Leverage outcomes from the 2016–17 materiality assessment to re-evaluate CR strategy, identify areas of opportunity and integrate environmental, social and governance performance across the business	🟠
	Ensure ongoing stakeholder engagement with key influencers including clients, consumers, investors, policy makers and associates via strategic communications and outreach	🟠
	Monitor evolving standards and frameworks, evaluating if and when participation is material to our business	🟠
	Improve overall data collection and accuracy in pursuit of third-party assurance	🟠
	Provide regular CR performance updates to the Alliance Data Board of Directors	🟠
Data and Privacy	Make ongoing, substantial investments in proactive measures to monitor and prevent data breaches	🟢
	Collaborate with industry peers and policy makers globally to monitor emerging legislation, inform regulation and help shape industry standards and best practices	🟢
	Integrate and apply privacy and information security best practices across our people, processes and technology	🟢
Fair and Responsible Banking	Adhere to fair, responsible and unbiased consumer lending practices	🟢
	Continually advance our approach to customer care	🟢
	Enhance resources and tools to help cardholders improve their financial literacy and well-being, and ensure a well-informed consumer and user of credit	🟢

🔴 Some progress made   🟠 Good progress made   🟢 Excellent progress made   ⚫ On hold

THREE-YEAR GOALS

	GOAL	PROGRESS
People	Manage voluntary turnover, with a focus on associate retention and enablement	🟢
	Invest in talent development programs through training courses, coaching and academic advancement opportunities	🟠
	Leverage associate feedback, internal analytics and insight to identify opportunities for targeted, relevant programs and initiatives that benefit our associates and enhance our culture	🟠
	Promote a culture of inclusion, where associates have a voice and diverse perspectives are respected	🟠
Community	Invest an additional $60M globally by 2020 in the communities where we live and work	🟠
	Invest $20M in Data for Good programs that help nonprofits build mission-critical capacity leveraging data-driven insights	🔴
	Annually increase associate engagement in the community through volunteerism, participation in our matching gifts, dollars for doers program and annual campaigns	🟠
	Provide community development loans, qualifying financial investments, and technical assistance in support of low- to moderate-income individuals and families	🟢
Environment	Develop an action plan for setting a science-based GHG emission reduction target	🔴
	Establish a pan-enterprise environmental task force focused on developing and overseeing protocols and initiatives designed to reduce our GHG emissions and minimize the environmental impacts of our operations	🔴
	Build relationships with environmentally focused NGOs to identify conservation initiatives to invest in that engage associates and align with our biggest impact areas	🟠
	Invest $5M in efficient technologies for new buildings, retrofits and other initiatives, based on associate feedback, to make our facilities and operations more sustainable	⚫

🔴 Some progress made   🟠 Good progress made   🟢 Excellent progress made   ⚫ On hold

Ethics

We know that the way to secure stakeholders' trust and foster long-term success is through our business conduct – by what we do, not just what we say. Our Board of Directors and leaders set the tone at the top and take responsibility for fostering a culture of integrity and accountability. In a world of competing demands and rising expectations, having a strong ethical culture is essential for protecting our reputation and preparing for whatever challenges come our way.

Business integrity and compliance

Business integrity, ethics and compliance with all applicable laws and regulations governing our business have been part of the foundation of Alliance Data's success and enable us to maintain our record performance and growth since going public in 2001.

Our guiding principles influence all decision-making and actions. We operate under a strong **Code of Ethics**, which covers numerous aspects of conduct expected of our associates. We also have supplementary codes for our Board of Directors and senior financial officers, which include ethics standards and guidance.

Annually, associates must certify they have read and agree to adhere to the Code. Every two years, they complete mandatory online Code training, including topics related to anti-harassment and non-retaliation.

Leadership training also covers anti-harassment and non-retaliation, along with anti-trust, global anti-corruption, insider trading and other topics.

Our Corporate Ethics Officer regularly conducts small on-site meetings with associates, encouraging an ethical culture, providing Code training, reinforcing awareness of the company's non-retaliation policy and providing guidance on how to respond to ethical issues and other situations. In 2017, we rolled out an updated, simplified and more relevant Code.

Associates have a responsibility to report suspected violations of the Code – to their immediate supervisor or a manager, Human Resources, the Corporate Ethics Officer, or via our Ethics & Compliance helpline. The helpline can be reached by phone or online around the clock, and associates may remain anonymous if they wish (except where prohibited by local law). Alliance Data will not retaliate or tolerate retaliation against any associate who reports in good faith a concern about potential illegal or unethical conduct or a violation of policies or procedures.

Our annual associate engagement survey measures whether people feel that the company's leaders walk the talk on ethics, and whether they know they can report unethical behavior without retaliation.

IN OUR ANNUAL ASSOCIATE ENGAGEMENT SURVEY:

77%
rated the company as fair and unbiased in its treatment of associates (20 percentage points above the industry norm)

81%
felt they could report unethical behavior or practices without fear of retaliation (9 points above the norm)

91%
felt their manager treats associates with respect and dignity (8 points above the norm)

91%
felt their manager demonstrates commitment to company values

Participating responsibly in the political process

Engaging in the political and legislative process is important to the success of the company. We've adopted a **Political Contributions and Activity Policy**, which sets out how the company and our associates may engage.

Our public policy strategy includes a variety of activities aligned around defending our business interests. We manage issues that most directly affect our operations and have the greatest potential to impact the company's overall performance and ability to do business. Our priority legislative and regulatory issues include consumer and data privacy, cybersecurity, and tax and bank regulations.

We engage in the public policy process through trade associations, industry coalitions and lobbying activity. In 2017, designated associate representatives had 52 lobbying contacts with government agencies, members of Congress and their staff. We also participated in events as part of the American Bankers Association, the Delaware Bankers Association and the Digital Advertising Alliance.

Eligible associates may also participate in our non-partisan, issues-focused political action committee (PAC), the Alliance Data–Epsilon

PAC, which is governed by an associate-led board. In 2017, the PAC disbursed $39,500 to 16 distinct federal candidate committees, and raised $83,200 from 39 eligible associates. All political contributions and activities comply with applicable laws and are reported publicly as required by law.

Key PAC issues

Cybersecurity and breach notification

Banking regulation

Consumer lending/ finance

Data privacy

Corporate tax reform

Lobbyists of record

- Capitol Legislative Strategies represents Card Services/Comenity on banking and consumer finance matters

- Glover Park Group represents Epsilon on data privacy and breach notification matters, and Alliance Data on general legislative matters

- O'Rourke & Nappi LLP represents Card Services/Comenity on banking and consumer finance matters, and Alliance Data on tax-related matters

- Polaris Consulting LLC represents Alliance Data on tax-related matters

- Porterfield, Fettig & Sears LLC represents an industry coalition to preserve deferred interest financing programs

Excellence

While we may not be a household name, Alliance Data engages with millions of consumers across the globe every day through our notable list of FORTUNE 1000 clients. We are the engine that connects consumers with the brands they love, and the architect behind some of the most successful loyalty and marketing programs in the world. Our clients entrust us to facilitate these interactions with their customers, and we commit to doing so in a respectful and responsible way.

Secure and responsible use of consumer data

Our ability to safeguard consumer data and privacy is foundational to our ability to help our clients understand and build relationships with their customers.

Cybersecurity is a top priority and will remain so in a world where opportunistic cyber-criminals relentlessly scheme for their next target. Data-related issues are compounded by the rapid pace of evolving technology, which continues to reshape both the global marketplace and consumer expectations for choice in how businesses collect and use their information. It's our responsibility to provide the right level of transparency into how we responsibly use data, and to continually assess our technologies, processes and controls, while investing in ongoing security enhancements.

Here are a few of the ways we advanced our approach to safeguarding data and protecting consumer privacy in 2017:

Internal governance – At the highest level, we have universal, enterprise-wide controls and practices in place for managing risks, monitoring threats, collaborating, and Board-level reporting.

Within each line of business, dedicated cybersecurity and privacy teams further establish the relevant and necessary standards, protocols and management processes for their respective organizations. As with everything in our business, when it comes to our clients, there is no such thing as a one-size-fits-all approach. We work closely with our clients to understand, identify and tailor how we appropriately manage the privacy of their customers.

In 2017, we adopted the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) at the enterprise level. The framework is the emerging industry standard for managing cybersecurity risk, and we will continue to mature our approach in accordance with it.

SECURE AND RESPONSIBLE USE OF CONSUMER DATA

In late 2016, we added a new Board member, formerly the Global Chief Information Officer of Walgreens Boots Alliance, which enhanced our company's overall security expertise and governance. We've since increased the frequency of status updates to the Board and provided more visibility to the Information Security team. We also provide frequent information, security communications and training to Board members, who receive quarterly updates.

Compliance – The General Data Protection Regulation (GDPR) came into effect in the European Union on May 25, 2018, and is radically changing how companies collect, process, retain and delete the data of individuals residing in the EU. The regulation is intended to give citizens of EU member states greater control over their personal data, among other things.

Rigorous preparations were necessary to address GDPR requirements and to protect our company and clients. We appointed numerous cross-functional teams to review policies, procedures, contracts, services and technology platforms. Privacy champions fanned out to help train associates on the new regulations and specific enumerated obligations, such as responding to subject data access requests. Our preparations are described further on the Epsilon website.

Epsilon has maintained ISO 27001 certification for its primary U.S. and India locations since 2006 and 2016, respectively, and is evaluating expansion into key EU locations. Epsilon also maintains SSAE18 SOC2 for the services it provides in its email, database and loyalty offerings. Conversant, a division of Epsilon, conducts an annual privacy assessment confirming its non-personally identifiable information (non-PII) approach.

MIKE BRITTON,
CHIEF INFORMATION SECURITY OFFICER

WE RESPOND.

Large companies like ours are under increasing pressure from investors and clients to demonstrate that we have the necessary processes and controls in place to effectively manage cybersecurity threats. Of course, we don't want to overexpose ourselves, inadvertently creating greater risk by putting a bigger target on our back.

To help in this regard, our enterprise-level Chief Information Security Officer (CISO) joined other leading CISOs in evaluating a new cybersecurity risk management framework developed by the American Institute of Certified Public Accountants. The reporting framework is intended to help companies communicate relevant and useful information about the effectiveness of their risk management programs using a common underlying language. Once it's finalized, we will further evaluate how the model applies within our own reporting structure.

SECURE AND RESPONSIBLE USE OF CONSUMER DATA

Associate training – Respecting consumer privacy and safeguarding information is central to everyone's role at Alliance Data. We believe that all associates need to understand our obligations and help keep our data and systems safe and secure. They are the first line of defense against security and privacy threats.

In addition to required annual online information security and privacy training, we use computer-based training, role-based training, awareness-building campaigns and various simulation exercises across all business lines to continuously improve associate knowledge.

As a way to kick-start a culture shift from security awareness to security-mindedness, we issued a series of unexpected, attention-grabbing communications to associates. We invited U.S. Secret Service representatives to speak to associates during Cybersecurity Awareness Month. We also ran two four-hour cybersecurity tabletop exercises with associates from across the organization to test and further strengthen our cyber-incident response processes.

Respecting consumer privacy and safeguarding information is central to everyone's role at Alliance Data.

"**Advancing privacy governance in today's highly digital, data-driven world requires innovative and inclusive thinking.**"

**NOGA ROSENTHAL,
CHIEF PRIVACY OFFICER, EPSILON**

As Chief Privacy Officer at Epsilon, Rosenthal oversees all privacy-related activities for Epsilon and its digital media arm, Conversant. Her responsibilities include ensuring compliance with various self-regulatory regimes as well as domestic state and federal laws and regulations and those of foreign jurisdictions.

Fair and responsible banking

We're not considered a traditional bank, but our card services business works with some of the best-known retailers to extend their brands with consumers through private label, co-brand credit and commercial card programs. Our limited-purpose subsidiaries **Comenity** and **Comenity Capital Bank** are subject to state and federal regulatory oversight of their banking practices.

Even though this is a highly regulated space, we strive to go above and beyond what's expected of us from a compliance perspective.* Doing so supports our underwriting efforts, underscores our commitment to a high level of customer care and positions us to respond quickly should regulations tighten or other regulatory disruptions come our way.

In addition to issuing credit, we interact with consumers through the collection of payments and comprehensive cardholder care. We know that every interaction counts, so it's an ongoing imperative to advance our consumer-centric approach. The key to success is regular training aimed at empowering associates to protect cardholders' interests, comply with regulatory requirements, provide tailored support, treat cardholders with respect and demonstrate empathy in a fair and consistent manner. Each Care Center is measured against best practices for call quality and customer satisfaction.

Through transparent, timely and relevant communications, we strive to educate cardholders. By providing resources that help cardholders make decisions that are right for them, we help ensure they're well-informed users of credit. This often requires us to reach beyond traditional channels and connect with cardholders through cutting-edge tools and technology. Whether we're providing an accessible mechanism for customer feedback or offering resources to improve financial literacy, accessibility and clarity are imperative.

Rigorous fraud detection systems and protocols ensure cardholders are protected from any unauthorized transactions and give them peace of mind. Our 24/7 Account Protection team monitors activity and notifies cardholders of anything suspicious.

BASED ON LEVEL OF CUSTOMER SERVICE, our Care Centers rank in the top 5% of all U.S. call centers in the credit card industry, and have been certified as Centers of Excellence a record-setting 12 times – more than any other financial services company.

OUR CARDHOLDERS are primarily middle- to upper-income individuals, in particular women who use our credit cards as brand affinity tools. Their accounts generally have lower average balances than those of general-purpose credit cards and are paid off with greater frequency.

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* Comenity Bank is subject to overlapping supervision by the Federal Deposit Insurance Corporation (FDIC) and the State of Delaware; and Comenity Capital Bank is subject to overlapping supervision by the FDIC and the State of Utah. Both Comenity Bank and Comenity Capital Bank are under the supervision of the Consumer Financial Protection Bureau (CFPB) – a federal consumer-protection regulator with authority to make further changes to the federal consumer protection laws and regulations – which may, from time to time, conduct reviews of their practices.

Responsible marketing

Through our data-driven marketing services and across all channels, we work with clients to create marketing campaigns that result in relevant, meaningful communication for end-consumers. Among the steps taken to help build trust and respect with these consumers:

· We strive for transparency and consumer choice. For example, our Epsilon business has an online Consumer Preference Center and substantial information available on its **website** dedicated to our marketing and consumer protection practices. It includes a **guide to Epsilon direct marketing** explaining how we use the marketing data we collect and how consumers can opt out of information sharing. Individuals can request access to the information we have in our databases about their households. They also have the ability to opt out of receiving direct marketing.

· Our marketing practices are honest, truthful and fair. All associates responsible for managing advertising, direct marketing and point-of-sale material are required to carry out their responsibilities in a manner that upholds these values and industry standards.

· We participate actively in industry forums and associations like the Data & Marketing Association (DMA) to help us align with best practices related to responsible, data-driven marketing and shape responsible industry standards.

"Excellence in data-driven marketing, especially as data becomes a critical differentiator, is imperative. Our job is to help clients find better – not necessarily bigger – solutions to harness the power of data."

**STACEY HAWES,
PRESIDENT, DATA PRACTICE, EPSILON**

Stacey Hawes was named to the Data & Marketing Association (DMA) Board of Directors — the world's largest trade association dedicated to championing deeper consumer engagement and business value through the innovative and responsible use of data-driven marketing.
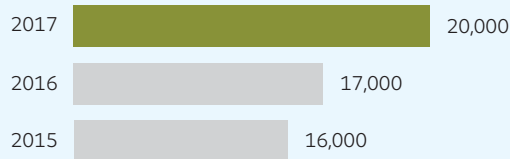
Associates

As a large growth company, Alliance Data is a great place to build a career. There are endless opportunities to do interesting work and try new things, in an inclusive environment that cares about associate well-being. By helping associates navigate their options and build their careers, we can all collectively do more. Associates are the backbone of our business. The better we do at meeting their needs and expectations, the better we'll do as a company.

Our workforce

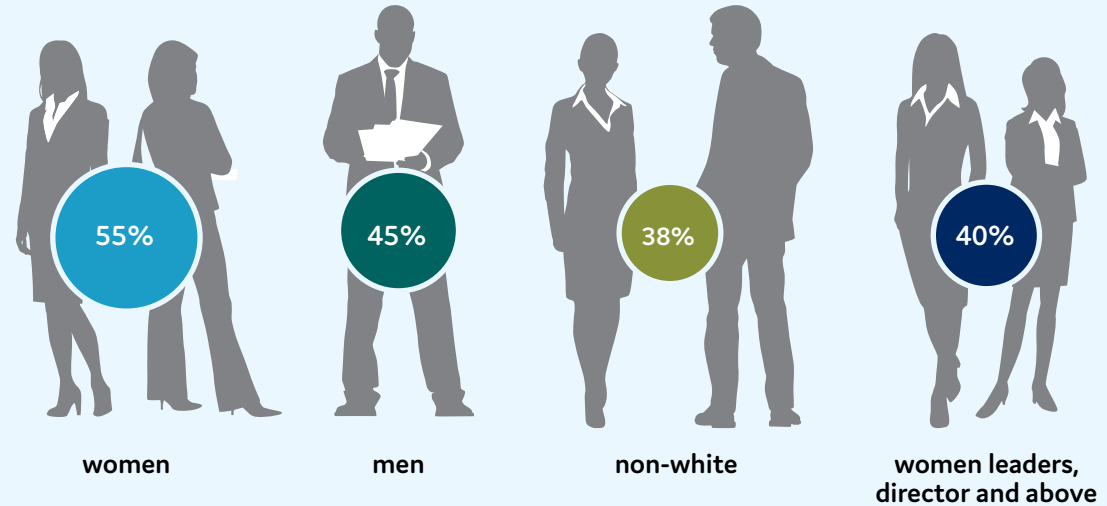## Total workforce (as of December 31, 2017)

| Year	Value
2017	20,000
2016	17,000
2015	16,000

12%
growth rate over 2016

● Salary: 60%   ● Hourly: 40%

20,000 made up of

55% women

45% men

38% non-white

40% women leaders, director and above
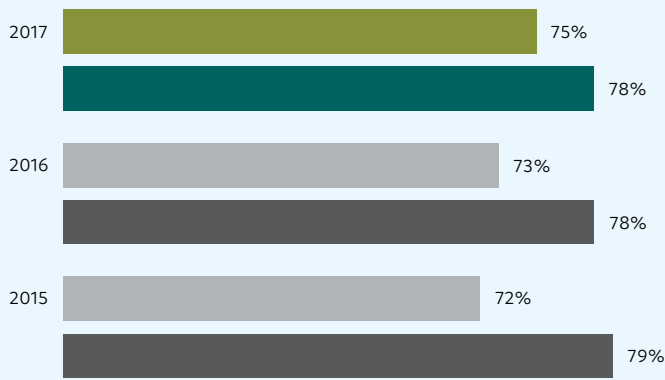
The survey says

Each year, we see active participation in our annual Associate Satisfaction (ASAT) survey. Associate feedback helps us create shared value. Associates participate at a high level, in part because they know we take that feedback seriously.
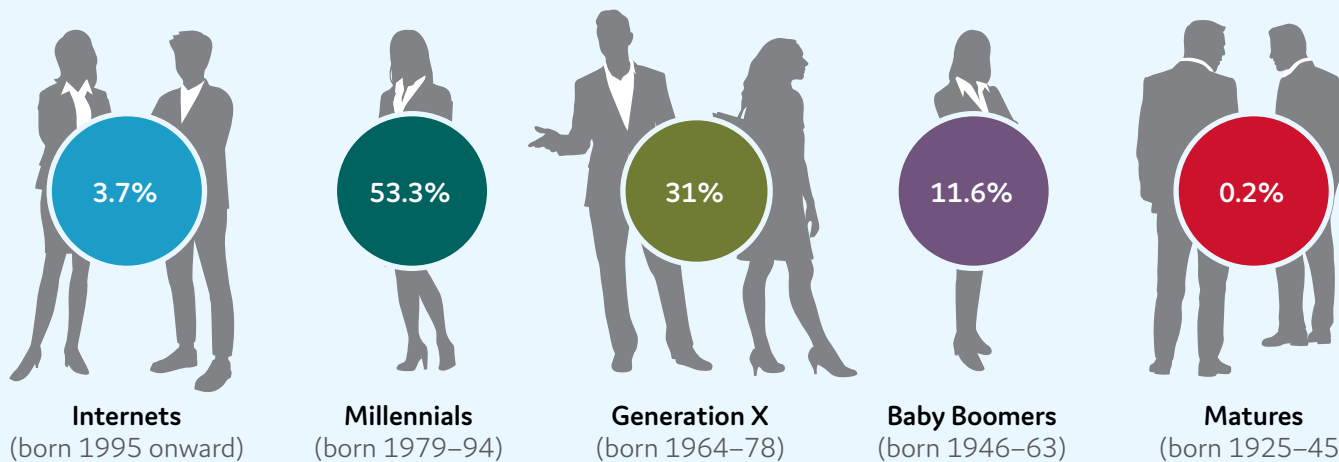
90% ASAT response rate

84% High Performing benchmark

82% General Industry benchmark
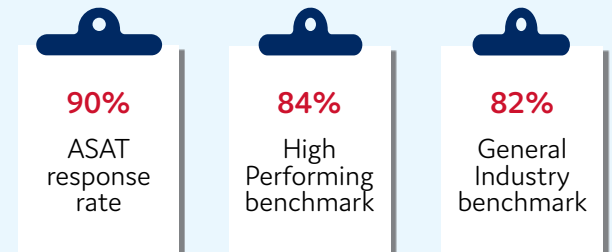
OUR WORKFORCE

Associate engagement and enablement*

2017	75%
	78%
2016	73%
	78%
2015	72%
	79%

● ● Enablement   ● ● Engagement

Enablement scores have steadily risen over the past three years, suggesting we're getting better at giving associates the support they need to succeed.
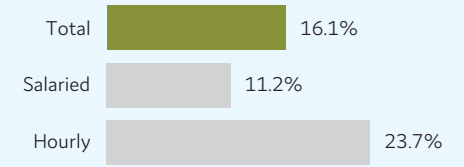
Age segments

3.7%	53.3%	31%	11.6%	0.2%
Internets (born 1995 onward)	**Millennials** (born 1979–94)	**Generation X** (born 1964–78)	**Baby Boomers** (born 1946–63)	**Matures** (born 1925–45)

Voluntary turnover

2017

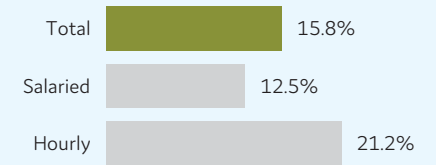|	
Total	16.1%
Salaried	11.2%
Hourly	23.7%

2016

Total	15.8%
Salaried	12.5%
Hourly	21.2%

According to the 2017 CEB benchmark of 215 sample companies, the average turnover rate was 18.2% and the median was 16.8%.

* Engagement refers to an associate's commitment to the organization and willingness to go above and beyond job requirements. Enablement refers to how positioned for success associates feel and whether they're being effectively utilized.
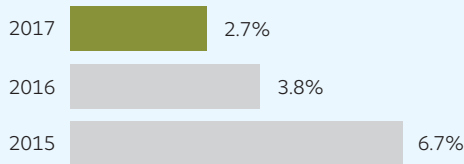
OUR WORKFORCE

Pay parity

Global gender pay gap (weighted average by job level)

2.7%

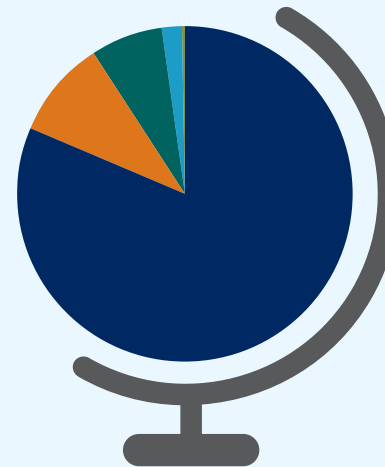|	
2017	2.7%
2016	3.8%
2015	6.7%

75%

of associates

would recommend Alliance Data as one of the best places to work (up 2 percentage points from 2016).

Named one of America's Best Employers by Forbes magazine for the second year in a row.

Geographic distribution

- U.S.: 81.5%
- Canada: 7%
- Asia/Pacific: 9.5%
- Europe: 2%
- Middle East/ Africa/ Offshore: 0.5%

Our office presence in Bangalore, India, grew by more than 50% in 2017.

U.S. ethnic diversity*

2017	48%
2016	44%
2015	44%

U.S. ethnic pay equality is -0.1% (non-whites are paid slightly more than whites).

* While we can report these figures for our U.S. associates, we cannot legally collect similar information for associates in other jurisdictions and therefore cannot report it.

Attracting and retaining top talent

As a result of our rapid growth and natural attrition, Alliance Data adds about 25% to 30% new associates each year, often recruiting the same type of specialized, in-demand talent needed by other high-growth companies. We want to be in a position to attract the best people and provide the kind of workplace and culture that makes them want to stay and grow with us.

On-campus recruiting, internships and apprenticeships connect us with top candidates just starting their careers. Our businesses establish partnerships with leading universities, set campus hiring targets and measure intern conversion rates (that is, the percentage of interns who later join us as full-time associates). To help generate buzz, senior executives visit schools and share our compelling growth story.

We are adopting more sophisticated pre-hire assessments to promote good cultural fits and higher retention rates. Once a person is hired, we use 30- and 90-day check-ins to assess how he or she is faring. After that, pulse surveys and annual associate engagement surveys are vital sources of feedback on whether we're meeting associate needs and how we can improve.

For example, the 2017 engagement survey identified pockets where we needed to improve communications around reorganizations and policy changes so that associates understood the rationales behind them. From these findings, we improved our communication practices and implemented monthly pulse surveys in the affected line of business. This way, we aren't waiting until the annual engagement survey to learn about an issue and take corrective action.

WE'RE PROUD TO HAVE INTRODUCED A CEO DISCRETIONARY BONUS FOR HOURLY ASSOCIATES several years ago, as our way of sharing when the company does well or when there's an unplanned windfall. The bonus paid out a total of $5.4 million in 2017.

Training and development

Training and career advancement are important to our associates, and they give us regular feedback on how we can help them. We offer a variety of online and on-site structured training, tuition reimbursement for external courses, and on-the-job learning opportunities.

While most training programs are specific to the line of business, we are creating a cross-functional, cross-business learning and development road map for topics that are germane to all. We started with leadership essentials to promote consistent behaviors and values across the company. In 2017, we offered two sessions of a Harvard business course focused on improving team effectiveness. Approximately 75 leaders completed the course, which included working in virtual teams to solve a business case.

We also took a hard look at how much we spend on associate training and development to ensure we're investing the right amount of time and resources. We evaluated our spend against industry benchmarks and found that while we were zeroing in on total investment, others were looking at education, tuition reimbursement, technology and training separately – a practice that we plan to adopt going forward. Overall, we were pleased to confirm that Alliance Data's spend on training and development is well within the range of leading benchmarks.

WE HELP PEOPLE GROW.

To give associates better insight into how they can progress in the organization, LoyaltyOne launched MyNav in 2017. MyNav takes them through a three-step process of reflecting on their career vision, creating a development plan and exploring potential paths within the company. The final report gives them a list of potential parallel and stretch roles, a percentage that shows how close they are to meeting those roles' requirements, and people already in those roles whom they can consult.

We actively cultivate and encourage female leadership development through mentorship, coaching programs and other initiatives.

Physical and financial well-being

We know there's a strong connection between associate health and well-being and an associate's ability to do his or her best work. Our data also tells us that associates who join one of our on-site fitness centers, undergo company-provided health checks or participate in our 401(k) plan are significantly more likely to stay with the company.

That's why we have programs to support associate physical, emotional and financial well-being, including comprehensive healthcare benefits, health checks, fitness reimbursement, on-site fitness centers, employee assistance programs, stress reduction classes, sabbaticals, flexible work arrangements and retirement savings plans. In the U.S., we have maintained consistent premiums for associate healthcare benefits in parallel with federal healthcare reform.

BY THE NUMBERS

- Nearly 50% of associates take full advantage of the 5% company match through our 401(k) program.

- More than 13,000 retirement evaluations were developed for associates, 23% of whom then took immediate action to improve their retirement savings plan and portfolio.

- $1.3 million was paid to more than 5,000 associates for qualified gym memberships and group exercise programs.

- More than 3,200 total doctor consultations through our 24/7/365 telemedicine program helped associates get immediate care when and where they needed it.

- For the second year in a row, we have been able to control healthcare costs and maintain associates' medical premium levels.

- A new healthcare partner in 2017, Grand Rounds, consulted with more than 500 associates to help identify treatments with top doctors to best address their needs.

- Our backup care program saved more than 2,600 absentee days and provided over 19,500 hours of free care to associate families.

- More than $800,000 was invested in higher education for associates through our tuition reimbursement program.

PHYSICAL AND FINANCIAL WELL-BEING

In partnership with Central Ohio Primary Care (COPC), we opened our first on-site health clinic in 2016 at our Broad Street Care Center in Columbus. Available to all local Alliance Data associates, the center provides consultation and treatment for general health concerns, sickness and minor injuries, as well as vaccines, screenings, lab work and physicals. A physician is on site one day a week, so associates can establish a primary care relationship if needed.

The center averaged 13 to 14 associate visits per day in its first full year, totaling nearly 2,000 visits. Feedback has been positive, and we're currently studying additional clinics at other sites.

Nearly 70% of associates in the U.S. actively participated in our 401(k) plan in 2017, with more than 9,000 taking full advantage of the 5% company match. As part of its LivingWell program, our card services business promoted financial wellness, offering training on how to budget and emphasizing the value of the 401(k). By year-end, associate participation in the 401(k) plan had risen to 60% within this business unit.

"I had been sick for a month when I finally scheduled an appointment at the health clinic. Two hours later, I saw a doctor. The appointment took a total of 10 minutes – from talking to the nurse, to seeing the doctor, to the prescription being sent to my pharmacy. It was so easy! I won't wait as long next time."

– Alliance Data associate

Inclusion and diversity

As a company with clients, end-consumers and associates around the world, we work to reflect the diversity of the markets we serve and embrace different backgrounds, viewpoints, skills and talents.

Our **Code of Ethics** states that we will not discriminate based on race, color, religion, religious dress and grooming, gender, pregnancy, age, national origin, disability, sexual orientation, marital status, citizenship, veteran status, gender identity, transgender status or any other status protected by law or Alliance Data policy. In keeping with our Code, we implemented several non-discriminatory policies and practices, such as workplace protections and domestic partner benefits, well before these became commonplace.

WE BUILD WOMEN LEADERS.

Epsilon launched a Women in Leadership pilot in nine locations in 2017. Geared toward women at the manager level and above, groups meet monthly to work toward multiple goals in areas such as leadership development and networking. The monthly curriculum was developed by Epsilon's learning and development team and can be tailored for local needs and interests. Groups are asked to get involved with a local charity, recognizing the individual and collective benefits of serving our communities. For example, the Chicago team was involved with the 3% Movement, which is geared to women in the creative agency industry, while our Irving office participated in TED Talks at Southern Methodist University in Dallas.

77%
OF ASSOCIATES
rate Alliance Data as fair and unbiased in its treatment of associates (20 points above the industry norm).

55%
OF ASSOCIATES
are women, and one in three American women has used one of our credit cards in the past 12 months.
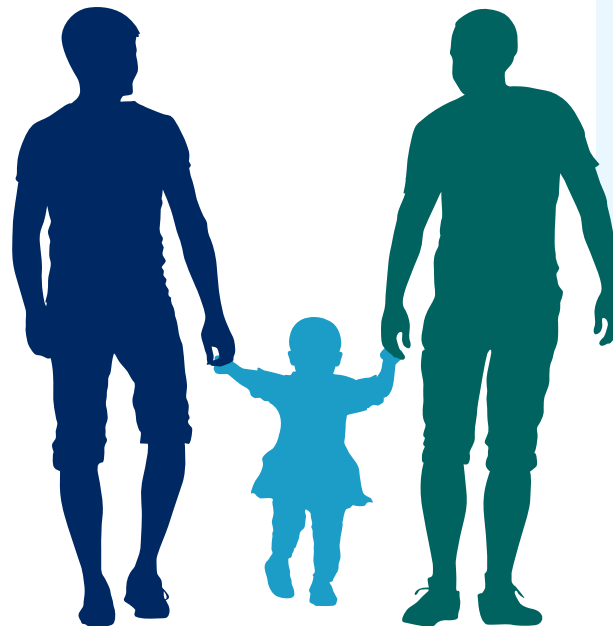
INCLUSION AND DIVERSITY

In addition to respecting and protecting the rights of individuals, we actively promote diversity and inclusion (D&I), training associates on inclusivity and unconscious bias and helping underrepresented groups advance. Our Diversity and Inclusion Council spearheads and coordinates efforts across the company. One of its first priorities was to establish ground rules for business resource groups, which bring together individuals with common backgrounds or interests. In 2017, associate-led D&I committees were formed to initiate programs specific to their needs.

At the Board and leadership levels, the focus has been on promoting gender and skills diversity. We currently have one female Board member and have created a plan for increasing female representation as existing directors retire. While we will always seek out the best available candidates, we will concentrate on nominating and retaining Board members who collectively reflect the best mix of skills, experience, knowledge and independence for effective decision-making and risk oversight, with an emphasis on identifying additional diverse candidates.

WE'VE IMPROVED.

Jumping 20% from the previous year, Alliance Data received a perfect score of 100% on the 2018 Corporate Equality Index (CEI), a national benchmarking survey and report on corporate policies and practices related to lesbian, gay, bisexual, transgender and queer (LGBTQ) workplace equality. Administered by the Human Rights Campaign Foundation, the 2018 CEI evaluates LGBTQ-related policies and practices including non-discrimination, workplace protections, domestic partner benefits, transgender-inclusive healthcare benefits, competency programs and public engagement with the LGBTQ community.

We work to reflect the diversity of the markets we serve and to embrace different backgrounds, viewpoints, skills and talents.

INCLUSION AND DIVERSITY

At year-end 2017, women represented 55% of our global workforce and about 40% of our leaders. Each line of business has programs to help women prepare for leadership roles through personal development plans, mentoring, networking, community engagement and more. A sign of progress was Alliance Data's 2017 inclusion in the FORTUNE 100 Best Workplaces for Diversity.

We act locally.

While women represent 55% of our global workforce, the situation is quite different in places like Bangalore, India, where Epsilon has offices. Women make up only 32% of our total workforce there, reflecting the fact that there are generally five times more male applicants for entry level jobs and 10 times more male applicants for leadership roles.

To shift the balance, we've set a goal of achieving a 60:40 male–female ratio by 2020, and a long-term target of 50:50. There are four broad areas of focus:

· **Attraction –** promoting positions on specific job boards and portals, providing support for returning mothers, leveraging women's referral programs and increasing branding

· **Selection –** setting targets at the leader/manager level and raising awareness of unconscious biases

· **Development –** preparing women through mentoring, peer support and networking opportunities, and by removing barriers to progression

· **Policies and practices –** providing more flexibility, longer breaks and part-time work

Late in 2017, we also launched "Jobs for Her" through our partnership with an organization called She Rises. Ten women who are looking to restart their careers after a professional hiatus will participate in a four-month-long internship program, with the hopes of joining us full time upon completion.

"Clients benefit from our team's diversity and inclusive mindset. That's why we invest in the best technology, the most relevant data and, most importantly, the right people to get the job done."

CATHY LANG,
PRESIDENT, EPSILON CRM/AUTOMOTIVE

Cathy Lang was named an **Adweek** "disruptor" alongside other women who are disrupting the status quo and championing gender diversity in advertising and tech. Cathy was also recognized as a Wonder Woman of the Automotive Industry by **Dealer Marketing Magazine**.

Communities

At Alliance Data, giving back to our communities isn't just something we do. As a common thread that connects and inspires us, it's ingrained in the very culture of our business. Over the years, as our organization has grown, we've steadily increased our global community investment and volunteerism, recognizing the need for successful companies like ours to step up and do all we can to strengthen our communities and help create a future where our business and local economies can flourish.
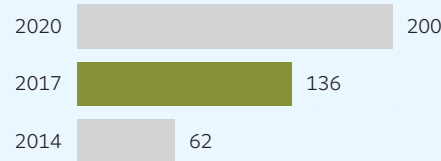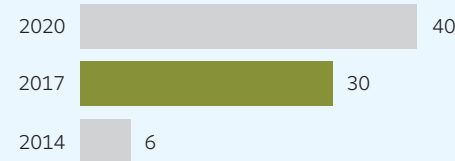
Our social impact

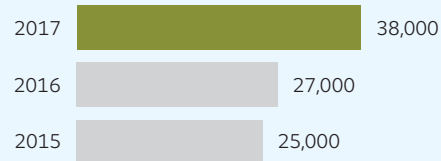## Our big Data for Good goals

Invest
$20M
by 2020

Nonprofits served

2020	200
2017	136
2014	62

Locations impacted

2020	40
2017	30
2014	6

Associate volunteer hours

2017	38,000
2016	27,000
2015	25,000

Dollars invested

2017	$14M
2016	$11.5M
2015	$9.5M
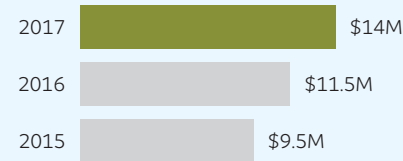
2017 impact areas

Children's health: $2.5M
Hunger: $2M
Habitat for Humanity: $200K
Education: $1M
Disaster relief: $350K

$14.4M
Donated for good
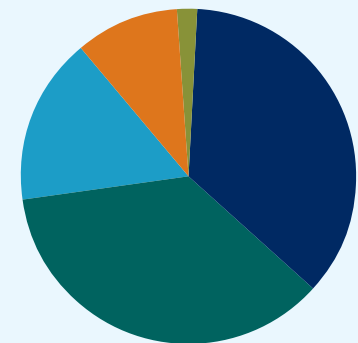
● Children	**36%**
● Adult independence	**36%**
● Associate engagement programs (AEP)	**16%**
● Education	**10%**
● Environment	**2%**

LoyaltyOne donated more than 1 million AIR MILES®

87%
of associates

say that Alliance Data encourages them to give back to the community (consistently one of our highest scores)

Community investment

While each of our businesses has adopted certain distinctions in tailoring its approach to meeting the needs of their associates and the local community, we have enterprise-wide goals, programs and governance that guide our decision-making and align our efforts.

Our CR Leadership Council, with representation from each line of business, has become a centralized steward for charitable endeavors and partnerships, and is a forum for sharing best practices and lessons learned. For international grant making, we rely on the consultative expertise and nonprofit equivalency determination of the Silicon Valley Community Foundation.

"We believe that everyone deserves to be heard, so we help LGBTQ+ students and allies share their stories. Thanks to LoyaltyOne's Youth Empowerment Program, we've given voice to more than 10,000 young people across Canada – and opened the minds of many more."

**MARLEY BROWN,
EXECUTIVE VICE PRESIDENT, GET REAL**

ASSOCIATES EMPOWERING YOUTH

LoyaltyOne created the Youth Empowerment Program, an associate-led initiative that aims to invest $3 million in youth charities and improve the lives of over 100,000 marginalized young people by 2020.

Organizations looking to benefit from the program apply for funding on the LoyaltyOne website and two internal groups are responsible for selecting beneficiaries:

· **Associate Donations Committee** (for proposals under $25,000) – Comprising associates who commit to a one-year term, the committee meets every two months to select youth charities that are qualified to receive financial, in-kind and volunteer support. The committee also selects worthy charities that associates are passionate about that may fall outside of the Youth Empowerment Program's scope.

· **Youth Empowerment Council** (for proposals over $25,000) – Made up of executives, senior leaders and associates, the council reviews submissions quarterly and selects charities to receive financial and volunteer support.

COMMUNITY INVESTMENT

We're working toward a best-in-class annual giving benchmark of 1% of adjusted net EBITDA, and we have identified focus areas based on what's most important to associates and where our communities need the most help:

- **Education –** helping children and students of all ages acquire the skills and knowledge they need to achieve their highest potential and become productive members of society
- **Children –** promoting, protecting and improving the lives and health of children
- **Independence –** maximizing individuals' independence and self-determination
- **Environment –** respect the impact our operations have on the environment and strive to measurably reduce our carbon footprint

In addition, we prioritize investments that connect associates, align with our expertise, are geographically inclusive, provide measurable impact, and enhance our brand and reputation.

In 2017, we set a new goal of investing $20 million by the close of 2020 in what we call Data for Good programs that help nonprofits build mission-critical capacity leveraging data-driven insights. It's what our business is built on, and we believe in its potential to move the needle on pressing social issues. The plan is to make at least three significant gifts annually that demonstrate social impact through the use of data and technology. This is a bold investment goal and we will leverage a competitive grant process and communications campaign to solicit candidate organizations and programs that meet our criteria.

"Our partnerships with nonprofit organizations go beyond financial support. We are privileged to also leverage the talents and time of our associates to help our community partners increase their impact."

MELISA MILLER,
EXECUTIVE VICE PRESIDENT AND PRESIDENT,
ALLIANCE DATA'S CARD SERVICES BUSINESS
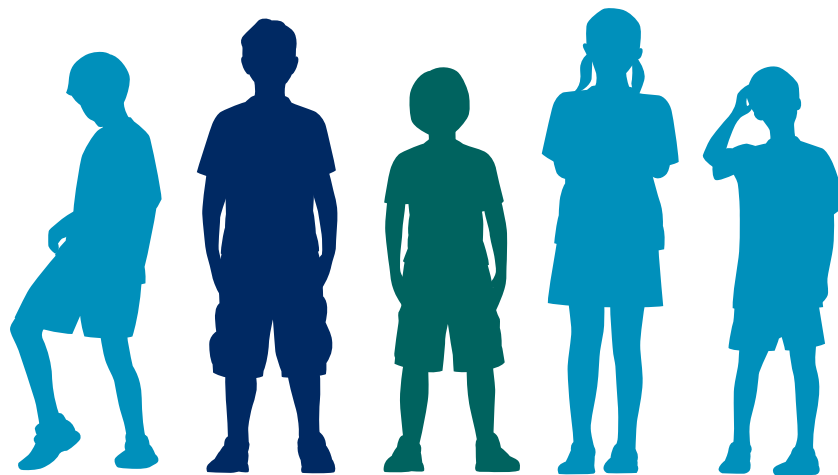
Associate community engagement

Serving the community together connects our associates with a greater common purpose, gives them a chance to learn new skills through volunteerism and, given the number of people we employ, can have a meaningful impact. Enterprise-wide associate programs include:

· **Dollars for doers and matching gifts programs –** The company makes financial contributions to the charities where our associates volunteer or donate, matching their hours or personal gifts.

· **Internal Grant Reward program –** The company awards up to $75,000 in grants to nonprofits nominated by our associates. As part of the grant requirement, associates also volunteer in unique ways with the winning nonprofits.

· **Annual giving campaigns –** At different times of the year, associates come together to support various causes, either locally relevant initiatives within their community or on an enterprise scale where we can make a collective impact.

· **Volunteer time off protocols –** Each line of business has adopted its own protocol designed to meet associates' needs, giving them flexibility based on their working environment and encouragement to volunteer, either on their own or as a team.

IMPROVING LIVES. INSPIRING HOPE.

MUWA , from the Swahili word for "seed of hope," provides funding and mentorship that young people from underprivileged families in Kenya need to successfully complete their high school and college education. Co-founded by Iddah Wang'ondu, an Alliance Data associate in Plano, and Muthoni Kanyana in Nairobi, the foundation places special emphasis on supporting teenage mothers and boys and girls living in single-parent homes. MUWA hopes to improve the lives of young people and to develop them into influential leaders who can make positive impacts in their communities.

Registered as a nonprofit organization in Texas since 2014, MUWA is currently funding and mentoring 16 students – three in college and 13 in secondary school. Alliance Data associates are right there beside them, mentoring the students one hour per week for six months via phone or Skype. In addition to helping with schoolwork, mentors are trained to quickly identify barriers to learning, such as a poor learning environment, an at-risk home, no access to hygiene products or need for professional counseling.

Community reinvestment

Comenity's holistic approach to community reinvestment engages and connects local stakeholders and resources, as well as community development investments and services, to meet the greatest needs of the communities it serves. These programs are led by an officer appointed by the bank's Board of Directors, with oversight from respective bank committees.

In 2017, Comenity convened its seventh annual Community Leaders Roundtable Symposium, hosting 25 community organizations in a discussion to better understand needs in Delaware. Affordable housing, financial literacy, employment for youth and recently incarcerated individuals, job training and small business development were identified as top priorities. This firsthand input ultimately informed the reinvestment strategy in this community.

Additionally, Comenity purchased CRA-qualifying investment instruments totaling more than **$99 million**. The housing bonds, mortgage-backed securities and community-focused mutual funds all supported home ownership for low- to moderate-income borrowers and communities. And in Utah, we renewed a **$10 million** community development loan, and purchased a loan portfolio of affordable multi-family projects worth another **$1.144 million**.

Comenity and Comenity Capital are subject to regulatory supervision by the FDIC and the Consumer Financial Protection Bureau (CFPB), in addition to state supervision in Delaware and Utah, where the banks are respectively headquartered. In our 2017 FDIC examination, we received the highest rating of "outstanding" for our activities under the Community Reinvestment Act (CRA).

COMENITY 2017 COMMUNITY REINVESTMENT HIGHLIGHTS

- Invested $1 million in minority depository financial institutions in areas affected by Hurricane Harvey (Texas) and Hurricane Irma (Florida).

- Purchased qualifying investment instruments (housing bonds, mortgage-backed securities, community-focused mutual funds) totaling nearly $100 million to support home ownership among low–moderate income borrowers and communities.

WE UNLEASH POTENTIAL.

Alliance Data provided a $500,000 corporate challenge grant for a new higher-education campus for My Possibilities, a nonprofit organization in North Texas dedicated to empowering adults with intellectual and developmental disabilities. This challenge grant was a call to other corporations to support efforts to give adults with cognitive disabilities greater independence, purpose, and the skills to become contributing members of society. The grant is in addition to the $1 million commitment we already made toward My Possibilities' North Texas campus.

Environment

We recognize that our natural environment is under increasing strain: ecosystems and wildlife are being threatened and climate change is creating a growing array of societal and economic problems. The issues are real and relevant to our clients and associates. We strive to minimize our environmental footprint and deliver social and economic benefits by using resources efficiently; by engaging clients, suppliers and associates; and by rigorously tracking performance.

Our environmental progress

21.5% reduction

in CO_2e since 2015

is equivalent to removing 29,709 passenger cars from the road.

Smart commuting

Epsilon added 19 electric vehicles (EVs) to its employee transportation program, which caters to multiple shift timings on a 24/7 model. Besides the EVs, we rely on a fleet of over 100 vehicles and passenger vans to help transport 1,100 associates to and from work each day.

We joined the Smart Columbus initiative to encourage residents to drive electric and drive less. Smart Columbus is a smart city initiative, with a mission and vision to be a model for connected cities of the future and to accelerate human progress through open mobility.

GHG emissions (Mt CO_2e)

2017	138,740 Mt
2016	146,206 Mt*
2015	176,625 Mt*
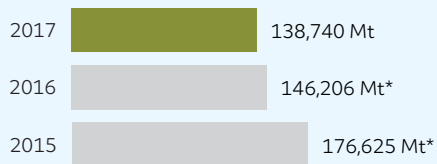
LEED certifications

Of Epsilon's two offices in Bangalore, one has **LEED for Interior Design and Construction (ID+C) Gold certification** and the other **LEED Platinum.**

LoyaltyOne's new **351 headquarters** is on track to achieve **LEED Platinum certification.**

Save our trees

We invested $150,000 in ecological and hardwood forest restoration to minimize the environmental impacts associated with our paper consumption.

We joined Texas Trees Foundation to better understand and respond to the effects of rising temperatures in Dallas. See our story on page 5.

Cutting down on paper

Get on the Same Page Earth Day campaign engaged our associates in ways to conserve paper. From this, **11% committed to reducing their paper use**.

Take the recycling quiz   Commit to conserve   Invite colleagues

* Both the 2015 baseline and 2016 emissions reported were adjusted this year based on recently updated GHG emission factors. We remain committed to continually improving the quality and accuracy of our annual inventories.

Reducing our carbon footprint

The starting point of our efforts to reduce our carbon footprint is our greenhouse gas (GHG) inventory, which details and quantifies our GHG emissions. We completed our sixth inventory in 2017, and we are using the results to better understand and manage our impacts and to report to the CDP.

The GHG inventory also provides the basis for setting science-based GHG emission reduction targets (SBTs). To date, we've focused on low-hanging fruit when it comes to opportunities to reduce emissions. The SBTs will guide our next big steps, which will require even greater investment but also offer opportunities to lower our energy costs, enhance our brand and inspire innovation. Work on SBTs is scheduled to begin in 2018, along with the formation of a company-wide environmental task force that will focus on developing and overseeing protocols and initiatives to continue to reduce our GHG emissions and minimize the environmental impacts of our operations.

"The issues we face as a society are bigger than any one of us alone. We look for approaches and partnerships that are relevant, mutually beneficial and have the potential to create lasting change."

**BRYAN PEARSON,
PRESIDENT AND CEO, LOYALTYONE**

TIMES OF NEED

Increasingly, weather and climate disasters are disrupting business and lives. The U.S. was affected by 16 separate billion-dollar disaster events in 2017, including three hurricanes, eight severe storms, two inland floods, a crop freeze, drought and wildfires.

Unfortunately, our customers were not spared – about 10% were affected by the hurricanes and wildfires alone. To help affected cardholders, we provided temporary leniency for payments as they focused on rebuilding their lives. We also made significant investments in affected areas through a national partnership with the American Red Cross.

Using resources efficiently

Our GHG inventory indicates that some of our biggest environmental impacts are paper usage, associate commuting and energy consumption. Here's what we're doing about them:

Paper usage – The majority of our paper purchase is based on the needs of our clients. Paper is used in client-driven marketing materials and cardholder or collector statements, although many clients are shifting from print to digital formats. Internally, we're making strong gains by switching from individual desktop printers to multi-function devices (MFDs), which are shared by multiple users and discourage unnecessary printing. MFD defaults are set to double-sided black-and-white printing.

SMART MOVES

In Columbus, we signed up to be an Acceleration Partner as part of a Smart Columbus initiative aimed at inspiring and motivating employees to drive electric and drive less. In 2016, Columbus beat out 77 other U.S. cities to win the Smart Cities grant, which includes $40 million from the U.S. Department of Transportation and $10 million from a private company. The funding is helping create a smart-transportation system that reduces greenhouse gas emissions – and where vehicles and roads communicate to make travel easier and safer.

As an Acceleration Partner, we've committed to five partner engagements: appointing a program leader, encouraging executives to buy electric vehicles (EV), installing charging infrastructure, educating our associates on smart mobility and incentivizing behavior change. The goals are to bring the city's EV adoption rate to at least 1.8% by 2020 – a four-fold increase that would put more than 3,600 electric vehicles on its roads – and decrease single-occupant vehicle commuter traffic by 10%.

2017 HIGHLIGHTS

54,543
INVOICES WERE PROCESSED through our e-invoicing system

THAT'S THE EQUIVALENT OF:

20
trees saved

69
pounds of air pollutants avoided

Enough energy to run a home for

7 months

IN ADDITION TO RECYCLING AT WORK, many of our offices invite associates to bring in their personal electronic waste from home. We've installed eco bins for old batteries and VCRs, broken headsets and the like. Once the bins are full, a waste management firm hauls them away for recycling.

USING RESOURCES EFFICIENTLY

Associate commuting – Efforts to minimize emissions from commuting include work-from-home programs, which are rare in call center settings, electric car charging stations, and bike racks and on-site shower facilities to encourage cycling to work.

Our Epsilon offices have a program for bringing people to and from work that's used by about 1,100 associates daily. While most of the 110-vehicle fleet runs on diesel, we added 19 electric vehicles in 2017. As EV infrastructure grows, we plan to add even more in the future.

Energy conservation – Facility managers are responsible for conservation projects at their respective buildings. Improvements have been made by upgrading to energy-efficient LED lighting and removing desktop printers in existing buildings, but the biggest gains come from brand new facilities that are designed for efficiency from the start.

LoyaltyOne moved into its new headquarters in Toronto in 2017. As a company, we wanted 351, named after the building's address, 351 King Street East, to be a benchmark for our future operations. Notable features include floor-to-ceiling windows, Energy Star appliances and energy-efficient lighting and water fixtures. The office encourages a paperless environment and purchases renewable energy credits from Bullfrog Power, to offset the greenhouse gas emissions. Looking ahead, 351 is on track to achieve LEED Platinum certification.

The base buildings for our two Epsilon offices in Bangalore are LEED Gold certified. The newest facility, which we moved into in 2017, achieved LEED Platinum certification for the interior design and construction. By involving a LEED consultant in the design, we ensured the highest standards. All building materials were recyclable with low-carbon emissions. Energy efficiency, water conservation and indoor air quality were all taken into consideration. In addition, the offices boast a daylight harvesting system, bike racks and designated parking spots for carpooling, as well as furniture, carpets and interiors made of 100% recyclable materials.

WE HELP TURN THINGS AROUND.

When the San Diego Zoo asked us to help raise awareness and donations for the northern white rhino, we were happy to help. We've been partners for more than 40 years and recognized the urgency of this issue: as of 2018, there are only two northern white rhinos left in the world, and they're under 24-hour surveillance.

We helped create the **Let's Turn Things Around** campaign to deliver the time-sensitive results that the San Diego Zoo Global Wildlife Conservancy needed, leveraging our unique data capabilities. To capture the urgency, and necessity, of conservation efforts, Epsilon's creative team developed imagery of the rhino slipping away into nothingness, through the insufficient grasp of an hourglass. Conversant, our digital media arm, ran acquisition and paid targeting campaigns.

We invite you to visit **endextinction.org** to learn more.
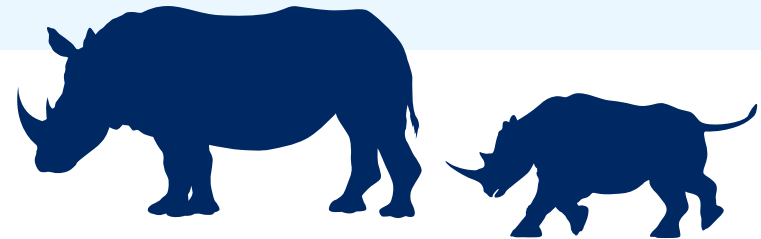
Our carbon footprint

Total GHG emissions by Scope – Current [market based]*

[Mt CO_2e]	2015	2016	2017	Percent change since 2015
Gross emissions (Scope 1)	2,482	1,947	2,275	-8.3%
Gross emissions (Scope 2 – market based)	30,791	36,806	34,630	+12.5%
Gross emissions (Scope 3)	142,298	100,803	97,234	-31.7%
Total	**175,571**	**139,557**	**134,139**	**-23.6%**

Total GHG emissions by Scope – Current [location based]*

[Mt CO_2e]	2015	2016	2017	Percent change since 2015
Gross emissions (Scope 1)	2,482	1,947	2,275	-8.3%
Gross emissions (Scope 2 – location based)	31,845	43,455	39,231	+23.2%
Gross emissions (Scope 3)	142,298	100,803	97,234	-31.7%
Total	**176,625**	**146,206**	**138,740**	**-21.4%**

Carbon reduction equivalent to:

31
wind turbines running for a year

electricity use by
20,794
homes in one year

757
railcars' worth of coal burned

0.034
coal-fired power plants operating for one year

1,132
acres of U.S. forests preserved from conversion to cropland in one year

OUR CARBON FOOTPRINT

GHG Emissions (Mt CO$_2$e) by Scope: 6-Year Comparison

		2017	2016	2015 ** Base Year**	2014	2013	2012	Percent change from 2015 baseline	Direction of change
Scope 1	Occurring from sources owned, operated or controlled by Alliance Data (i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles): approximately 80 locations and 50 vehicles								
1	Direct emissions	2,275	1,947	2,482	1,935	2,325	2,331	**8.3%**	⬇

		2017	2016	2015 ** Base Year**	2014	2013	2012	Percent change from 2015 baseline	Direction of change
Scope 2	Purchased electricity consumed by the company								
2	Indirect emissions	39,231	43,455	31,845	70,753	70,545	66,645	**-23.2%**	⬆
	Total (Mt CO$_2$e) Scope 1 & 2	**41,506**	**45,403**	**34,327**	72,688	72,869	68,976	**-20.9%**	⬆
GHG intensity per associate	Total associates	19,719	16,940	15,480	12,949	12,000	11,000	**27.4%**	⬆
	GHG/associate	2.1	2.7	2.2	5.6	6.1	6.3	**5.1%**	⬇
	Percent change year over year	21.5%	-20.9%	60.5%	7.6%	3.2%			
GHG intensity per revenue	Annual revenue	$7.7B	$7.1B	$6.4B	$5.3B	$4.3B	$3.6B	**20.6%**	⬆
	GHG/revenue	0.00000538	0.00000639	0.00000536	0.000014	0.000017	0.000019	**-0.3%**	⬆
	Percent change year over year	15.9%	-19.2%	60.9%	19.1%	11.6%			

		2017	2016	2015 ** Base Year**	2014	2013	2012	Percent change from 2015 baseline	Direction of change
Scope 3	An optional reporting category: all other indirect emissions created as a consequence of the activities of the company but occurring from sources not owned or controlled by the company Examples: air and ground business travel as well as associate commuting to and from work; relevant upstream emissions (paper purchases driven by client demand) and downstream (freight and small parcel shipments with third-party carriers); and emission sources from material and energy flows								
3	Indirect emissions not owned or controlled by the company	97,234	100,803	142,298	117,711	88,667	64,873	**31.7%**	⬇
	Total (Mt CO$_2$e) Scope 1, 2 & 3	**138,740**	**146,206**	**176,625**	190,399	161,536	133,848	**21.4%**	⬇

* Numbers presented in these tables may not add up precisely to the totals provided due to rounding.

** In an effort to continually improve data accuracy, some updates were made to emission factors which required a restatement of base year and 2016 GHG emissions. As such, emissions reported for 2015 and 2016 have been adjusted from 180,816 Mt CO$_2$e to 176,625 Mt CO$_2$e and from 148,819 Mt CO$_2$e to 146,206 Mt CO$_2$e, respectively.

GRI Content Index

This table covers the Global Reporting Initiative's Sustainability Reporting Standards and Disclosures found in Alliance Data's 2017 Corporate Responsibility Report, 2017 Annual Report and company websites. This report has been prepared in accordance with the GRI Standards: Core Option. We have focused our topic-specific standard disclosures on our Tier 1 and 2 priority sustainability topics.

GRI general disclosures		Location and notes
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Alliance Data Systems Inc.
102-2	Activities, brands, products and services	About Alliance Data Form 10-K, pages 2–6 (**http://investor.alliancedata.com**) Website: homepage (**https://www.alliancedata.com/**)
102-3	Location of headquarters	7500 Dallas Parkway, Suite 700 Plano, TX 75024
102-4	Location of operations	We have operations (and associates) in Australia, Canada, China, Germany, Hong Kong, India, Ireland, Japan, Luxembourg, Netherlands, Singapore, South Africa, Spain, Sweden, the U.K. and the U.S.
102-5	Ownership and legal form	Website: Snapshot (**https://alliancedatasystems.gcs-web.com/financial-tear-sheet**)
102-6	Markets served	About Alliance Data Form 10-K, pages 2–6 (**http://investor.alliancedata.com**)
102-7	Scale of the organization	About Alliance Data Introduction: Balanced Scorecard Associates – Our Workforce Form 10-K, pages 26 and 27 (**http://investor.alliancedata.com**)

GRI general disclosures		Location and notes
102-8	Information on employees and other workers	Introduction: Balanced Scorecard Associates – Our Workforce
102-9	Supply chain	Our Approach: Suppliers Form 10-K, pages 3, 6 and 11 (http://investor.alliancedata.com) Our suppliers are critical to the services and value we deliver to our clients and consumers each and every day. They enable us to progress and help us to reach our strategic goals, purchase responsibly and manage our expenses. Alliance Data's global supply chain consists of purchases in four high-level categories: technology, real estate, paper and loyalty rewards. The management of our spend is the responsibility of Strategic Procurement, responsible for negotiating and contracting with either new suppliers or new statements of work as well as management of the supplier's post-contract performance.
102-10	Significant changes to the organization and its supply chain	There are no significant changes to report.
102-11	Precautionary principle or approach	Our Approach – Managing Our Risks Consistent with the precautionary principle, we advocate a risk-based approach to our operations through our enterprise risk management process and accompanying systems.
102-12	External initiatives	Our Approach: Stakeholder Engagement Secure and Responsible Use of Consumer Data: Internal Governance Operational Excellence: Responsible Marketing
102-13	Membership of associations	Our Approach: Stakeholder Engagement
STRATEGY		
102-14	Statement from senior decision-maker	We Take the Long View: Message from Our CEO

GRI general disclosures		Location and notes
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behavior	Ethics: Business Integrity and Compliance
		Website: **Code of Ethics**
		Our Code of Ethics includes five major sections: 1) Our Commitment to Each Other (equal opportunity, anti-harassment, etc.), 2) Our Obligation to Our Stockholders (accurate financial records, safeguarding our assets, avoiding conflicts of interest, etc.), 3) Our Social Media Policy (respectful, honest, etc.), 4) Our Commitment to Our Customers and Business Partners (fairness, fair lending, customer privacy, etc.), 5) Our Pledge to Our Communities (anti-corruption, environmental protection, political activities).
102-17	Mechanisms for advice and concerns about ethics	Ethics: Business Integrity and Compliance
		Website: **Code of Ethics**
GOVERNANCE		
102-18	Governance structure	Our Approach: Managing Corporate Responsibility
		Our Approach: Managing Our Risks
		Investor Relations: Corporate Governance
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Our Approach: Stakeholder Engagement
		It's imperative that we continue to place the biggest emphasis on the interconnectedness of our associates, clients and the end-consumer. Our business must also closely manage relationships with our investors, suppliers, government officials and the local communities in which we operate. Proactive engagement of these stakeholder groups will be fundamental to our continued success.
102-41	Collective bargaining agreements	We have no collective bargaining agreements with our associates.
102-42	Identifying and selecting stakeholders	Our Approach: Stakeholder Engagement

GRI general disclosures		Location and notes
102-43	Approach to stakeholder engagement	Our Approach: Materiality Assessment Our Approach: Stakeholder Engagement Our Approach: Key Industry Association Memberships Website: **2017 Materiality Assessment Overview**
102-44	Key topics and concerns raised	Our Approach: Materiality Assessment Our Approach: Stakeholder Engagement Website: **2017 Materiality Assessment Overview**
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Alliance Data Corporate Overview (**http://investor.alliancedata.com/phoenix.zhtml?c=120991&p=irol-irhome**)
102-46	Defining report content and topic Boundaries	Website: **2017 Materiality Assessment Overview**
102-47	List of material topics	Our Approach: Materiality Assessment Website: **2017 Materiality Assessment Overview**
102-48	Restatements of information	No major changes: any adjustments are explained within the report.
102-49	Changes in reporting	No major changes: any adjustments are explained within the report.
102-50	Reporting period	Calendar year 2017
102-51	Date of most recent report	2016 CR Report (published June 2017)
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Dana Beckman, Director of Corporate Affairs (**allforgood@alliancedata.com**)
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	This GRI Index table

GRI general disclosures		Location and notes
102-56	External assurance	Our Approach: Our CR Strategy
		We do not currently have a policy regarding external assurance for our CR reporting, and as such, the data and information in our report are not externally assured. We are exploring the options and requirements of having future reports assured.

GRI topic-specific standards		Location and notes
ECONOMIC		
Topic: Economic Performance		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview**
		We Take the Long View: Message from Our CEO
		Form 10-K (**http://investor.alliancedata.com**)
103-2	The management approach and its components	We Take the Long View: Message from Our CEO
		Our Approach: Three-Year Goals
		Operational Excellence: Our Client-Centric Approach
		Communities: Our Social Impact
		Form 10-K (**http://investor.alliancedata.com**)
103-3	Evaluation of the management approach	We Take the Long View: Message from Our CEO
		Our Approach: Three-Year Goals
		Operational Excellence: Our Client-Centric Approach
		Communities: Our Social Impact
		Form 10-K (**http://investor.alliancedata.com**)

GRI topic-specific standards		Location and notes
201-1	Direct economic value generated and distributed	Introduction: Balanced Scorecard Communities: Our Social Impact Form 10-K (http://investor.alliancedata.com)
Topic: Anti-Corruption		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Ethics: Business Integrity and Compliance Governance: http://investor.alliancedata.com Form 10-K (http://investor.alliancedata.com)
103-2	The management approach and its components	Ethics: Business Integrity and Compliance Anti-Corruption is one of the areas called out in our formal Code of Ethics. Governance: http://investor.alliancedata.com Website: **Code of Ethics** applies to all associates We also have customized Codes of Ethics that apply to our Chief Financial Officer, other senior financial executives and members of our Board of Directors that are available on our website: http://investor.alliancedata.com
103-3	Evaluation of the management approach	Ethics: Business Integrity and Compliance Anti-Corruption is one of the areas called out in our formal Code of Ethics. Website: **Code of Ethics** applies to all associates We also have customized Codes of Ethics that apply to our Chief Financial Officer, other senior financial executives and members of our Board of Directors that are available on our website: http://investor.alliancedata.com In order to supplement our ongoing compliance efforts, in 2005 Alliance Data created the Enterprise Compliance Council. This cross-functional council acts to unite the company's compliance initiatives in a way that allows us to intelligently address regulatory and other demands while preserving our ability to focus on our Mission and Vision. Alliance Data Systems Audit Committee Charter available on our website: http://investor.alliancedata.com

GRI topic-specific standards		Location and notes
205-2	Communication and training about anti-corruption policies and procedures	Ethics: Business Integrity and Compliance Website: **Code of Ethics** Anti-corruption and bribery topics are covered in the Pledge to Our Communities section of our Code of Ethics and are included in our onboarding process for all associates, in our ethics training (which all associates, senior executives and our Board of Directors need to take annually) and in regular small group meetings with our Corporate Ethics Officer.
ENVIRONMENTAL		
Topic: Emissions		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Our Environment: Using Resources Efficiently
103-2	The management approach and its components	Our Environment: Using Resources Efficiently 2017 CDP Disclosure Our Approach: Three-Year Goals Our Chief of Staff holds direct responsibility for climate change within our organization.
103-3	Evaluation of the management approach	Our Environment: Using Resources Efficiently Our **2017 CDP Disclosure**
305-1	Direct (Scope 1) GHG emissions	Environment: Our Carbon Footprint Our **2017 CDP Disclosure** Alliance Data does not have biogenic emissions.
305-2	Energy indirect (Scope 2) GHG emissions	Environment: Our Carbon Footprint Our **2017 CDP Disclosure**
305-3	Other indirect (Scope 3) GHG emissions	Environment: Our Carbon Footprint Our **2017 CDP Disclosure**
305-5	Reduction of GHG emissions	Our **2017 CDP Disclosure**

GRI topic-specific standards		Location and notes
SOCIAL		
Topic: Employment		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Ethics: Business Integrity and Compliance Associates: Attracting and Retaining Top Talent Form 10-K (**http://investor.alliancedata.com**) Website: **Code of Ethics**
103-2	The management approach and its components	Associates: Attracting and Retaining Top Talent Ethics: Business Integrity and Compliance Our Approach: Three-Year Goals Website: **Code of Ethics**
103-3	Evaluation of the management approach	Associates: Attracting and Retaining Top Talent

GRI topic-specific standards		Location and notes
401-1	New employee hires and employee turnover	Introduction: Balanced Scorecard
		Associates: Voluntary Turnover
		We grew our headcount over 2016 by 12.3%, and hired roughly 6,485* new associates into the business in 2017. This can be broken down by age as follows:
		• Under 30 years old: 3,428
		• 30 to 50 years old: 2,535
		• Over 50 years old: 522
		* This only includes new associates where ages are known.
		Hourly associates hired in 2017: 2,959 (16.1%).
		Total associate turnover:
		• Female: 1,717 (17.8%)
		• Male: 1,150 (14.5%)
		• Salaried: 1,266 (11.2%)
		• Hourly: 1,693 (23.7%)
		• U.S.: 2,436 (16.7%)
		• Canada: 174 (13.4%)
		• Europe: 154 (14.5%)
		• Asia Pacific: 197 (13.3%)
		• Millennials (1979–1994): 2,055 (21.1%)
		• Gen X (1969–1978): 593 (10.3%)
		• Baby Boomers (1946–1963): 243 (11.1%)
		• Matures (1925–1945): 9 (22.4%)

GRI topic-specific standards		Location and notes
SOCIAL		
Topic: Training and Education		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Associates: Attracting and Retaining Top Talent Associates: Training and Development Form 10-K (**http://investor.alliancedata.com**)
103-2	The management approach and its components	Associates: Attracting and Retaining Top Talent Associates: Training and Development Our Approach: Three-Year Goals
103-3	Evaluation of the management approach	Associates: Attracting and Retaining Top Talent Associates: Training and Development
404-1	Average hours of training per year per employee	Associates: Training and Development We don't currently track our investments in training specifically by gender or employee category (information is currently unavailable).
404-3	Percentage of employees receiving regular performance and career development reviews	100% of managers are expected to complete performance reviews either on an annual or more frequent basis. Alliance Data has shifted from "formalized" performance reviews to more "informal" (i.e., 20/20, 30 in 30) ongoing performance feedback.
Topic: Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Associates: Inclusion and Diversity

GRI topic-specific standards		Location and notes
103-2	The management approach and its components	Associates: Inclusion and Diversity We Empower Our Approach: Three-Year Goals Our Approach: Suppliers We have a formal statement relating to diversity and equal opportunity on our website and in our Code of Ethics: **Code of Ethics**
103-3	Evaluation of the management approach	Associates: Inclusion and Diversity We Empower Our Approach: Suppliers
405-1	Diversity of governance bodies and employees	Introduction: Balanced Scorecard Associates: Inclusion and Diversity Associates: Our Workforce **Investor Relations: Corporate Governance** We provided ethnicity data for Alliance Data in the countries where we are able to. Privacy regulations restrict collection of this information in many countries. We also do not track or manage diversity by age group from a gender perspective, or manage diversity beyond gender (information is currently unavailable).
405-2	Ratio of basic salary and remuneration of women to men	Introduction: Balanced Scorecard Associates: Inclusion and Diversity Associates: Our Workforce
Topic: Non-Discrimination		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Ethics: Business Integrity and Compliance

GRI topic-specific standards		Location and notes
103-2	The management approach and its components	Website: **2017 Materiality Assessment Overview** Ethics: Business Integrity and Compliance We have a formal statement relating to diversity and equal opportunity on our website and in our Code of Ethics: Website: **Code of Ethics**
103-3	Evaluation of the management approach	Ethics: Business Integrity and Compliance
406-1	Incidents of discrimination and corrective actions taken	We do track this; however, we do not publicly report on this due to employee privacy concerns and any pending legal or regulatory actions (information is subject to specific confidentiality constraints).
Topic: Local Communities		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Communities: Community Investment Communities: Community Reinvestment
103-2	The management approach and its components	Website: **2017 Materiality Assessment Overview** Our Approach: Three-Year Goals Communities: Community Investment Communities: Community Reinvestment While we have conducted needs assessments in close collaboration with community partners for our Community Reinvestment Act commitments for many years, in 2017 we started conducting more formal needs assessments of each of the local communities where we operate. We are directing our investments accordingly in community development programs based on particular community needs, which do differ from region to region.

GRI topic-specific standards		Location and notes
103-3	Evaluation of the management approach	Website: **2017 Materiality Assessment Overview** Our Approach: Materiality Assessment Communities: Community Investment Communities: Community Reinvestment
413-1	Operations with local community engagement, impact assessments and development programs	Communities: Community Investment Communities: Associate Community Engagement Communities: Community Reinvestment
Topic: Public Policy		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Ethics: Participating Responsibly in the Political Process
103-2	The management approach and its components	Our Approach: Managing Our Risks Ethics: Participating Responsibly in the Political Process
103-3	Evaluation of the management approach	Ethics: Participating Responsibly in the Political Process
415-1	Political contributions	Introduction: Balanced Scorecard Ethics: Participating Responsibly in the Political Process Alliance Data did not make political contributions in countries outside of the U.S.
Topic: Marketing and Labeling		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Excellence: Responsible Marketing
103-2	The management approach and its components	Website: **2017 Materiality Assessment Overview** Our Approach: Managing Our Risks Excellence: Responsible Marketing
103-3	Evaluation of the management approach	Our Approach: Managing Our Risks Excellence: Responsible Marketing

GRI topic-specific standards		Location and notes
417-3	Incidents of non-compliance concerning marketing communications	We had no incidents of non-compliance concerning marketing communications in 2017.
Topic: Customer Privacy		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Excellence: Secure and Responsible Use of Consumer Data Form 10-K (**http://investor.alliancedata.com**)
103-2	The management approach and its components	Website: **2017 Materiality Assessment Overview** Our Approach: Managing Our Risks Excellence: Secure and Responsible Use of Consumer Data Our Approach: Three-Year Goals Form 10-K (**http://investor.alliancedata.com**)
103-3	Evaluation of the management approach	Excellence: Secure and Responsible Use of Consumer Data Form 10-K (**http://investor.alliancedata.com**)
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Introduction: Balanced Scorecard We had no breaches of customer privacy or losses of customer data in 2017. In addition, Alliance Data has not received any substantiated complaints regarding breaches of customer privacy and losses of customer data.
Topic: Socioeconomic Compliance		
103-1	Explanation of the material topic and its Boundary	Website: **2017 Materiality Assessment Overview** Ethics: Business Integrity and Compliance Excellence: Secure and Responsible Use of Consumer Data – Compliance Excellence: Fair and Responsible Banking

GRI topic-specific standards		Location and notes
103-2	The management approach and its components	Website: **2017 Materiality Assessment Overview** Our Approach: Managing Our Risks Ethics: Business Integrity and Compliance Excellence: Secure and Responsible Use of Data – Compliance Excellence: Fair and Responsible Banking Form 10-K, Pages 7–8 (**http://investor.alliancedata.com**)
103-3	Evaluation of the management approach	Website: **2017 Materiality Assessment Overview** Ethics: Business Integrity and Compliance Excellence: Secure and Responsible Use of Data – Compliance Excellence: Fair and Responsible Banking Form 10-K, pages 7–8 (**http://investor.alliancedata.com**)
419-1	Non-compliance with laws and regulations in the social and economic area	We had no incidents of socioeconomic non-compliance in 2017.

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